南方錳業投資有限公司
SOUTH MANGANESE INVESTMENT LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 1091




INTERIM REPORT 2026

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Corporate Information

Board of Directors

Executive Directors

Mr. Zhang He (Chairman)
Mr. Xu Xiang
Mr. Liu Yang
Mr. Pan Shenghai
Ms. Cui Ling
Mr. An Wei
Mr. Zhan Haiqing (Chief Executive Officer)
Mr. Ming Xianquan
Mr. Wan Weihua

Non-executive Director

Mr. Huang Chuangxin

Independent Non-executive Directors

Mr. Yuan Mingliang
Mr. Lo Sze Hung
Mr. Zhou Jie
Mr. Luo Guihua
Mr. Wu Qi

Audit Committee

Mr. Lo Sze Hung (Chairman)
Mr. Yuan Mingliang
Mr. Zhou Jie
Mr. Luo Guihua
Mr. Wu Qi
Mr. Huang Chuangxin

Remuneration Committee

Mr. Yuan Mingliang (Chairman)
Mr. Zhang He
Mr. Pan Shenghai
Mr. Xu Xiang
Mr. Lo Sze Hung
Mr. Zhou Jie
Mr. Luo Guihua
Mr. Wu Qi

Nomination Committee

Mr. Wu Qi (Chairman)
Mr. Zhang He
Mr. Pan Shenghai
Mr. Xu Xiang
Mr. Yuan Mingliang
Mr. Lo Sze Hung
Mr. Zhou Jie
Mr. Luo Guihua

Company Secretary

Mr. Leung Chit Yu

Registered Office

Richmond House, 12 Par-la-Ville Road
Hamilton HM 08, Bermuda

Headquarters and Principal Place of Business in Hong Kong

Room 3603, 36/F, Tower One, Lippo Centre,
89 Queensway, Admiralty, Hong Kong

Telephone : (852) 2179 1310
Facsimile : (852) 2537 0168
E-mail : ir@southmn.com

Principal Place of Business in the PRC

South Manganese Group Tower,
Building 8, Greenland Center,
15 Kaixuan Road, Nanning, Guangxi, PRC

Bermuda Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Richmond House, 12 Par-la-Ville Road
Hamilton HM 08, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen’s Road East, Wanchai, Hong Kong

Corporate Information

Auditor

RSM Hong Kong
Certified Public Accountants
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)

Authorised Representatives

Mr. Zhang He
Mr. Leung Chit Yu

Principal Bankers

Agricultural Bank of China
Bank of Communications
Bank of Liuzhou Co., Ltd.
DBS Bank
Guangxi Beibu Gulf Bank
Guilin Bank Co., Ltd.
Hua Xia Bank Co., Limited
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank

Stock Code

1091 (Mainboard of the Stock Exchange)

Company Website

www.southmn.com

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 June 2026

	Note	Six months ended 30 June **2026** **HK$'000** **(Unaudited)**	 2025 HK$'000 (Unaudited)
REVENUE	4	**3,562,172**	2,912,419
Cost of sales		**(2,773,957)**	(2,359,303)
Gross profit		**788,215**	553,116
Other income and gains	4	**84,836**	42,948
Selling and distribution expenses		**(28,335)**	(35,117)
Administrative expenses		**(250,499)**	(242,475)
Impairment losses on property, plant and equipment	6	**(15,927)**	-
Reversals of impairment losses/(impairment losses) on financial assets, net	6	**333**	(486)
Finance costs	5	**(69,840)**	(79,435)
Other expenses		**(71,674)**	(32,004)
Share of profits and losses of associates		**(4,132)**	10,290
PROFIT BEFORE TAX	6	**432,977**	216,837
Income tax expense	7	**(47,934)**	(35,588)
PROFIT FOR THE PERIOD		**385,043**	181,249
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
– Changes in fair value of financial assets at fair value through other comprehensive income ("FVTOCI"), net of tax		**509**	(9)
– Exchange differences on translation of foreign operations		**109,605**	27,651
		110,114	27,642
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
– Surplus on revaluation of property, plant and equipment, net of tax		**4,372**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**499,529**	208,891
Profit for the period attributable to:			
Owners of the Company		**359,115**	172,696
Non-controlling interests		**25,928**	8,553
		385,043	181,249
Total comprehensive income for the period attributable to:			
Owners of the Company		**485,775**	211,207
Non-controlling interests		**13,754**	(2,316)
		499,529	208,891
Earnings per share attributable to owners of the Company	8		
– Basic		**HK$0.0727**	HK$0.0473
– Diluted		**HK$0.0727**	HK$0.0473

Interim Condensed Consolidated Statement of Financial Position

30 June 2026

	Note	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**4,137,405**	3,996,469
Investment properties	11	**160,282**	90,972
Right-of-use assets	12	**503,601**	491,460
Intangible assets	13	**211,560**	204,874
Interests in associates	14	**94,815**	95,197
Deferred tax assets	15	**55,144**	45,065
Prepayments and other assets	18	**52,998**	141,560
Total non-current assets		**5,215,805**	5,065,597
CURRENT ASSETS			
Inventories	16	**1,030,512**	681,225
Trade and notes receivables	17	**570,912**	872,778
Prepayments, other receivables and other assets	18	**1,649,013**	761,905
Due from related companies	28	**-**	12,707
Tax recoverable		**470**	452
Restricted deposits	19	**50,496**	35,840
Pledged deposits	19	**928,777**	858,740
Cash and cash equivalents	19	**503,820**	806,996
Total current assets		**4,734,000**	4,030,643
CURRENT LIABILITIES			
Trade and notes payables	20	**1,575,861**	1,282,589
Other payables and accruals	21	**1,680,337**	1,260,023
Interest-bearing bank and other borrowings	22	**2,604,471**	2,851,881
Due to related companies	28	**1,880**	2,338
Tax payable		**71,795**	73,702
Total current liabilities		**5,934,344**	5,470,533
NET CURRENT LIABILITIES		**(1,200,344)**	(1,439,890)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,015,461**	3,625,707
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	22	**635,372**	793,741
Deferred tax liabilities	15	**197,632**	171,945
Other long-term liabilities		**116,289**	111,202
Deferred income	24	**71,534**	49,815
Total non-current liabilities		**1,020,827**	1,126,703
NET ASSETS		**2,994,634**	2,499,004

Interim Condensed Consolidated Statement of Financial Position

30 June 2026

	Note	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Issued capital	25	**493,698**	493,698
Reserves	26	**2,853,133**	2,427,097
		3,346,831	2,920,795
Non-controlling interests		**(352,197)**	(421,791)
TOTAL EQUITY		**2,994,634**	2,499,004

Zhang He
Director

Xu Xiang
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2026

	Attributable to owners of the Company												
	Issued share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Revaluation reserve HK$'000	Fair value reserve of financial assets at FVTOCI HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Capital redemption reserve HK$'000	Investment related reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2026 (audited)	**493,698**	**170,729**	**2,461,249**	**-**	**(606)**	**322,277**	**(149,416)**	**312**	**2,051**	**(379,499)**	**2,920,795**	**(421,791)**	**2,499,004**
Profit for the period	-	-	-	-	-	-	-	-	-	359,115	359,115	25,928	385,043
Other comprehensive income for the period:				-									
– Change in fair value of financial assets at FVTOCI, net of tax	-	-	-	-	509	-	-	-	-	-	509	-	509
– Exchange difference on translation of foreign operations	-	-	-	-	-	-	121,779	-	-	-	121,779	(12,174)	109,605
– Surplus on revaluation of property, plant and equipment, net of tax	-	-	-	4,372	-	-	-	-	-	-	4,372	-	4,372
Total comprehensive income for the period	-	-	-	4,372	509	-	121,779	-	-	359,115	485,775	13,754	499,529
Provision of special reserve (note 26(a))	-	-	-	-	-	13,028	-	-	-	(13,028)	-	-	-
Utilisation of special reserve (note 26(a))	-	-	-	-	-	(6,033)	-	-	-	6,033	-	-	-
Contributions from non-controlling interest in respect of incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	68	68
Acquisitions of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	(59,739)	(59,739)	55,772	(3,967)
Change in equity for the period	-	-	-	4,372	509	6,995	121,779	-	-	292,381	426,036	69,594	495,630
At 30 June 2026 (unaudited)	**493,698**	**170,729***	**2,461,249***	**4,372**	**(97)***	**329,272***	**(27,637)***	**312***	**2,051***	**(87,118)***	**3,346,831**	**(352,197)**	**2,994,634**

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2026

	Attributable to owners of the Company											
	Issued share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Fair value reserve of financial assets at FVTOCI HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Capital redemption reserve HK$'000	Investment related reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2025 (audited)	342,846	–	2,461,249	(591)	313,958	(219,970)	312	2,051	(538,245)	2,361,610	(384,423)	1,977,187
Profit for the period	–	–	–	–	–	–	–	–	172,696	172,696	8,553	181,249
Other comprehensive income for the period:												
– Change in fair value of financial assets at FVTOCI, net of tax	–	–	–	(9)	–	–	–	–	–	(9)	–	(9)
– Exchange difference on translation of foreign operations	–	–	–	–	–	38,520	–	–	–	38,520	(10,869)	27,651
Total comprehensive income for the period	–	–	–	(9)	–	38,520	–	–	172,696	211,207	(2,316)	208,891
Issue of shares	68,569	72,434	–	–	–	–	–	–	–	141,003	–	141,003
Provision of special reserve (note 26(a))	–	–	–	–	28,226	–	–	–	(28,226)	–	–	–
Utilisation of special reserve (note 26(a))	–	–	–	–	(11,858)	–	–	–	11,858	–	–	–
Change in equity for the period	68,569	72,434	–	(9)	16,368	38,520	–	–	156,328	352,210	(2,316)	349,894
At 30 June 2025 (unaudited)	411,415	72,434	2,461,249	(600)	330,326	(181,450)	312	2,051	(381,917)	2,713,820	(386,739)	2,327,081

* These reserve accounts comprise the consolidated reserves of HK$2,848,761,000 in the interim condensed consolidated statement of financial position (31 December 2025: HK$2,427,097,000).

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2026

	Note	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Net cash flows generated from operating activities		**484,347**	642,610
Net cash flows used in investing activities		**(200,499)**	(86,954)
Net cash flows used in financing activities		**(635,430)**	(235,414)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(351,582)**	320,242
Cash and cash equivalents at the beginning of the period		**806,996**	402,329
Effect of exchange rate changes, net		**48,406**	2,131
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**503,820**	724,702
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**1,483,093**	953,509
Less: Restricted deposits	19	**(50,496)**	(53,924)
Less: Pledged deposits	19	**(928,777)**	(174,883)
Cash and cash equivalents at the end of the period		**503,820**	724,702

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

1. Corporate information

South Manganese Investment Limited (the "**Company**") was incorporated in Bermuda on 18 July 2005 as an exempted company with limited liability under Section 14 of the Companies Act 1981 of Bermuda (as amended). The registered office of the Company is located at Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda. The principal place of business of the Company is located at Room 3603, 36/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise manganese mining, ore processing and downstream processing operations in Mainland China, manganese mining and ore processing operations in Gabon, as well as trading of manganese ores, manganese alloys and related raw materials.

2. Basis of preparation and changes to accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing Securities on the Stock Exchange and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

In preparing the interim condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$1,200.3 million as at 30 June 2026. Subsequent to the end of the reporting period, the Group has successfully renewed or obtained new bank and other borrowings of HK$555.4 million during the period from 1 July 2026 up to the date of authorisation of the consolidated financial statements of the Group. The directors of the Company, after taking into account of internally generated funds from its operations and successful renewals of bank and other borrowings, are of the opinion that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period. Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of all new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to the Group's operations and effective for its accounting year beginning on 1 January 2026. The new and revised HKFRS Accounting Standards do not have a material effect on the Group's condensed consolidated interim financial statement.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. Operating segment information

For management purposes, the Group is organised as a mixture of both business products and geographical locations based on their products and services and has four reportable operating segments as follows:

(a) EMM and alloying materials production segment (PRC)

The EMM and alloying materials production segment comprises mining and processing ores used in hydrometallurgical processing for/and production of Electrolytic Manganese Metal ("**EMM**") and manganese briquette;

(b) Battery materials production segment (PRC)

The battery materials production segment engages in the manufacture and sale of battery material products, including Electrolytic Manganese Dioxide ("**EMD**"), manganese sulfate, lithium manganese oxide and trimanganese tetraoxide;

(c) Manganese mining segment (PRC and Gabon)

The manganese mining segment engages in the mining and production of manganese products including principally, through the Group's integrated processes, the mining, beneficiation, concentrating, grinding and the production of manganese concentrates and natural discharging manganese powder and sand; and

(d) Other business segment (PRC and HK)

The other business segment principally comprises the trading of various commodities such as manganese ores, EMM, manganese alloys and non-manganese metals, sales of scraps, rental of investment properties and leasehold lands and investments in companies engaged in mining and production of non-manganese metals and trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from operation. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, production halt expenses as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, restricted deposits, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude banks loans, lease liabilities under sales and leaseback arrangements, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers between group companies are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

3. Operating segment information (continued)

	EMM and alloying materials production PRC HK$'000	Battery materials production PRC HK$'000	Manganese mining PRC HK$'000	Manganese mining Gabon HK$'000	Other business PRC & HK HK$'000	Total HK$'000
Six months ended 30 June 2026 (Unaudited)						
Segment revenue:						
Sales to external customers	1,395,389	870,943	33,760	648,808	613,272	3,562,172
Intersegment sales	–	–	–	239,014	–	239,014
Other income and gains from operations	43,428	12,167	1,502	568	20,054	77,719
	1,438,817	883,110	35,262	888,390	633,326	3,878,905
Reconciliation:						
Elimination of inter segment sales						(239,014)
Revenue, other income and gains from operations						3,639,891
Segment results	302,042	229,513	(3,153)	89,019	(8,868)	608,553
Reconciliations:						
Interest income						7,117
Corporate and other unallocated expenses						(120,476)
Finance costs (other than interest on lease liabilities)						(62,217)
Profit before tax						432,977
Income tax expense						(47,934)
Profit for the period						385,043
Assets and liabilities						
Segment assets	3,174,539	2,164,952	590,803	422,108	1,749,788	8,102,190
Reconciliation:						
Corporate and other unallocated assets						1,847,615
Total assets						9,949,805
Segment liabilities	1,528,016	188,100	368,683	348,547	918,297	3,351,643
Reconciliation:						
Corporate and other unallocated liabilities						3,603,528
Total liabilities						6,955,171

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

3. Operating segment information (continued)

	EMM and alloying materials production PRC HK$'000	Battery materials production PRC HK$'000	Manganese mining PRC HK$'000	Manganese mining Gabon HK$'000	Other business PRC & HK HK$'000	Total HK$'000
Six months ended 30 June 2025 (Unaudited)						
Segment revenue:						
Sales to external customers	1,028,107	753,657	86,994	633,419	410,242	2,912,419
Intersegment sales	–	–	–	82,685	–	82,685
Other income and gains from operations	16,348	8,213	(3,963)	496	19,822	40,916
	1,044,455	761,870	83,031	716,600	430,064	3,036,020
Reconciliation:						
Elimination of inter segment sales						(82,685)
Revenue, other income and gains from operations						2,953,335
Segment results	38,897	206,153	(5,873)	37,505	78,967	355,649
Reconciliations:						
Interest income						2,032
Corporate and other unallocated expenses						(70,245)
Finance costs (other than interest on lease liabilities)						(70,599)
Profit before tax						216,837
Income tax expense						(35,588)
Profit for the period						181,249
Assets and liabilities						
Segment assets	2,630,888	2,145,557	571,420	450,718	1,246,561	7,045,144
Reconciliation:						
Corporate and other unallocated assets						1,404,987
Total assets						8,450,131
Segment liabilities	896,653	149,596	389,203	453,362	350,138	2,238,952
Reconciliation:						
Corporate and other unallocated liabilities						3,884,098
Total liabilities						6,123,050

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

4. Revenue, other income and gains

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods:		
EMM and alloying materials production	**1,395,389**	1,028,107
Battery materials production	**870,943**	753,657
Manganese mining	**682,568**	720,413
Other business	**613,272**	410,242
	3,562,172	2,912,419

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2026 (Unaudited)

Segments	**EMM and alloying materials production HK$'000**	**Battery materials production HK$'000**	**Manganese mining HK$'000**	**Other business HK$'000**	**Total HK$'000**
Sale of goods	**1,395,389**	**870,943**	**682,568**	**613,272**	**3,562,172**
Geographical markets					
Mainland China	**1,249,054**	**867,844**	**414,155**	**561,725**	**3,092,778**
Asia (excluding Mainland China)	**91,225**	**3,099**	**268,413**	**8,133**	**370,870**
Europe	**46,968**	**-**	**-**	**43,414**	**90,382**
North America	**8,142**	**-**	**-**	**-**	**8,142**
Total revenue from contracts with customers	**1,395,389**	**870,943**	**682,568**	**613,272**	**3,562,172**
Timing of revenue recognition					
Goods transferred at a point in time with customers	**1,395,389**	**870,943**	**682,568**	**613,272**	**3,562,172**

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

4. Revenue, other income and gains (continued)

For the six months ended 30 June 2025 (Unaudited)

Segments	EMM and alloying materials production HK$'000	Battery materials production HK$'000	Manganese mining HK$'000	Other business HK$'000	Total HK$'000
Sale of goods	1,028,107	753,657	720,413	410,242	2,912,419
Geographical markets					
Mainland China	933,344	750,181	574,987	402,220	2,660,732
Asia (excluding Mainland China)	69,044	3,476	145,426	7,971	225,917
Europe	22,309	–	–	51	22,360
North America	3,410	–	–	–	3,410
Total revenue from contracts with customers	1,028,107	753,657	720,413	410,242	2,912,419
Timing of revenue recognition					
Goods transferred at a point in time with customers	1,028,107	753,657	720,413	410,242	2,912,419

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	**7,117**	2,032
Subsidy income	**21,006**	13,472
Sale of scraps and other materials	**28,124**	6,665
Rental income	**10,473**	5,976
Others	**18,116**	14,803
	84,836	42,948

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

5. Finance costs

	Note	Six months ended 30 June	
		2026	2025
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Interest on loans and other payables		**54,905**	65,195
Finance costs for discounted notes receivable		**7,312**	5,404
Interest expenses on lease liabilities	23	**7,623**	8,836
		69,840	79,435

6. Profit before tax

The Group's profit before tax are arrived at after charging/(crediting):

	Notes	Six months ended 30 June	
		2026	2025
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Cost of inventories sold#		**2,753,470**	2,399,597
Provision/(reversals of provision) for inventories, net#		**20,487**	(40,294)
Depreciation of property, plant and equipment	10	**203,955**	188,315
Depreciation of right-of-use assets	12	**8,806**	10,091
Amortisation of intangible assets	13	**1,642**	1,994
Research and development costs		**26,212**	24,315
Auditor's remuneration		**2,501**	2,577
Employee benefit expenses		**341,879**	282,111
Losses on disposal of items of property, plant and equipment*		**1,380**	2,658
Foreign exchange differences, net*		**10,320**	22,184
Impairment losses on property, plant and equipment		**15,927**	–
(Reversals of impairment losses)/impairment losses on financial assets, net, included in trade and notes receivables and other receivables		**(333)**	486
Variable lease payments not included in the measurement of lease liabilities (included in cost of inventories sold)		**2,625**	705
Expenses relating to leases of low-value assets^		**1,295**	1,120
Fair value losses on investment properties*	11	**34,420**	–

Included in "Cost of sales" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

* Included in "Other expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

^ Included in "Selling and distribution expenses" or "Administrative expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Notes to Interim Condensed Consolidated Financial Statements

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7. Income tax expense

The Group is subject to income tax on an entity basis and assessable based on tax rates prevailing in the jurisdictions in which members of the Group operate.

The major components of income tax expense for the reporting period are as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**16,700**	40,688
Current – Hong Kong		
Charge for the period	**8,139**	1,881
Current – Gabon		
Charge for the period	**11,619**	528
Deferred (note 15)	**11,476**	(7,509)
Total tax charge for the period	**47,934**	35,588

Hong Kong profits tax

Hong Kong profits tax for the six months ended 30 June 2026 and 2025 has been provided at the rate of 16.5% on the estimated assessable profits for the period.

PRC corporate income tax ("CIT")

Pursuant to the PRC Income Tax Law and the respective regulations, each of South Manganese Group, Guangxi South Manganese International New Energy Technology Co., Ltd, Huiyuan Manganese and Guangxi Daxin Huiyuan New Energy Technology Co., Ltd are recognised as a High and New Technology Enterprise and is entitled to a preferential CIT rate of 15% up to 2028, 2028, 2026 and 2026 respectively.

Other companies of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income, unless it meets the conditions for other preferential tax treatments, such as the entitled CIT rate of 5% for Small and Marco Enterprises.

Gabon CIT

Pursuant to the Gabon Income Tax Law, a company which engages in mining operations in Gabon is subject to CIT at the higher of 35% of its taxable income or 1% of its revenue.

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8. Earnings per share attributable to owners of the Company

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
The calculation of basic and diluted earnings per share are based on:		
Earnings		
Earnings attributable to owners of the Company, used in the basic earnings per share calculation	**359,115**	172,696

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**4,936,980,960**	3,653,213,534

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 nor the six months ended 30 June 2025.

9. Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026 (2025: Nil).

10. Property, plant and equipment

	30 June 2026	31 December 2025
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At 1 January 2026/1 January 2025	**3,996,469**	4,015,985
Additions	**344,979**	407,316
Depreciation	**(203,955)**	(373,584)
Impairment	**(15,927)**	(11,316)
Disposals	**(46,152)**	(135,609)
Surplus on revaluation	**5,144**	–
Transfer to investment properties	**(99,311)**	–
Exchange realignment	**156,158**	93,677
At 30 June 2026/31 December 2025	**4,137,405**	3,996,469

At 30 June 2026, the Group was in the process of applying for the building ownership certificates of certain of its buildings with a total carrying amount of HK$129,467,000 (31 December 2025: HK$128,471,000). The Directors are of the opinion that the aforesaid matter does not have any significant adverse impact on the Group's financial position as at 30 June 2026.

Notes to Interim Condensed Consolidated Financial Statements

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11. Investment properties

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Carrying amount at 1 January 2026 / 1 January 2025	**90,972**	92,758
Transfer from property, plant and equipment	**99,311**	–
Fair value loss recognised in profit or loss	**(34,420)**	(4,069)
Exchange realignment	**4,419**	2,283
Carrying amount at 30 June 2026 / 31 December 2025	**160,282**	90,972

12. Right-of-use assets

	Leasehold lands HK$'000	**Others HK$'000**	**Total HK$'000**
At 1 January 2026 (Audited)	**489,991**	**1,469**	**491,460**
Additions	**709**	**763**	**1,472**
Depreciation	**(7,938)**	**(868)**	**(8,806)**
Exchange realignment	**19,475**	**-**	**19,475**
At 30 June 2026 (Unaudited)	**502,237**	**1,364**	**503,601**
At 1 January 2025 (Audited)	491,894	1,491	493,385
Additions	1,368	3,580	4,948
Depreciation	(15,476)	(3,602)	(19,078)
Exchange realignment	12,205	–	12,205
At 31 December 2025 (Audited)	489,991	1,469	491,460

13. Intangible assets

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Mining rights and other intangible assets:		
At 1 January 2026/1 January 2025	**204,874**	206,907
Additions	**173**	46
Amortisation	**(1,642)**	(7,190)
Exchange realignment	**8,155**	5,111
At 30 June 2026/31 December 2025	**211,560**	204,874

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14. Interests in associates

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Share of net assets	**437,996**	437,148
Less: Impairment	**(344,510)**	(343,230)
At 30 June 2026/31 December 2025	**93,486**	93,918
Amounts due from associates		
– Unsecured (note a)	**60,497**	58,205
– Secured (note b)	**337,102**	324,161
	397,599	382,366
Less: Impairment	**(396,270)**	(381,087)
	1,329	1,279
	94,815	95,197

Note:

(a) At 30 June 2026 and 31 December 2025, the unsecured amounts due from associates were repayable either on demand or within one year. Except for the loans to subsidiaries of GMG of HK$53,459,000 (31 December 2025: HK$51,437,000) which carried interest at 8% per annum (31 December 2025: 8% per annum), the remaining balance represented other receivable due from Dushan Jinmeng which was non-interest bearing.

At 30 June 2026, expected credit loss ("**ECL**") allowances of HK$52,130,000 and HK$7,038,000 (31 December 2025: HK$50,158,000 and HK$6,768,000) were recognised in respect of the unsecured amounts due from GMG and Dushan Jinmeng respectively.

(b) At 30 June 2026 and 31 December 2025, the secured amount due from an associate, Dushan Jinmeng was repayable on demand. The amount was arising from the settlement of the guarantee liability for a corporate guarantee provided by the Group in respect of bank facilities granted to Dushan Jinmeng. According to the relevant PRC laws, the Group as a guarantor, after assuming the guarantee liability, is entitled to seek recompensation from Dushan Jinmeng and the amount due from Dushan Jinmeng was pledged by Dushan Jinmeng's leasehold land and certain of its property, plant and equipment. The Group can exercise this right over the charge if Dushan Jinmeng does not repay the amount on or before 19 May 2027.

At 30 June 2026, an ECL allowance of HK$337,102,000 (31 December 2025: HK$324,161,000) was recognised in respect of the secured amount due from Dushan Jinmeng.

Notes to Interim Condensed Consolidated Financial Statements
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15. Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities of the Group during the reporting period are as follows:

Deferred tax assets

	Impairment of financial assets and others HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 January 2026 (Audited)	**55,913**	**33,518**	**89,431**
Deferred tax credited to profit or loss during the period (note 7)	**6,541**	**-**	**6,541**
Exchange realignment	**2,471**	**1,180**	**3,651**
At 30 June 2026 (Unaudited)	**64,925**	**34,698**	**99,623**

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Withholding taxes HK$'000	Fair value adjustments on investment properties HK$'000	Depreciation allowances in excess of related depreciation and others HK$'000	Total HK$'000
At 1 January 2026 (Audited)	**69,568**	**42,640**	**9,037**	**95,066**	**216,311**
Deferred tax charged/(credited) to profit or loss during the period (note 7)	**(876)**	**12,428**	**(6,029)**	**12,494**	**18,017**
Deferred tax charged to other comprehensive income during the period	**–**	**–**	**–**	**772**	**772**
Exchange realignment	**2,715**	**–**	**288**	**4,008**	**7,011**
At 30 June 2026 (Unaudited)	**71,407**	**55,068**	**3,296**	**112,340**	**242,111**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Net deferred tax assets recognised in the consolidated statement of financial position	**55,144**	45,065
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(197,632)**	(171,945)
	(142,488)	(126,880)

Notes to Interim Condensed Consolidated Financial Statements

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16. Inventories

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Raw materials	**387,860**	374,027
Work in progress	**24,406**	26,043
Finished goods	**726,128**	374,323
	1,138,394	774,393
Less: Inventory provision	**(107,882)**	(93,168)
	1,030,512	681,225

17. Trade and notes receivables

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade receivables	**709,352**	666,887
Less: Impairment provision	**(268,967)**	(266,781)
	440,385	400,106
Notes receivable	**130,527**	472,672
	570,912	872,778

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one month to three months from the invoice date and cash realisation may be further extended by three to six months for those customers paying by bank acceptance notes. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management.

At 30 June 2026, the net trade receivables related to a large number of diversified customers.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

17. Trade and notes receivables (continued)

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within one month	**224,667**	234,373
One to two months	**91,434**	77,138
Two to three months	**40,687**	24,827
Over three months	**83,597**	63,768
	440,385	400,106

Notes receivable represents bank acceptance notes issued by banks in Mainland China maturing within six months from the end of the reporting period.

Transferred financial assets that are derecognised in their entirety

At 30 June 2026, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "**Derecognised Notes**") to certain of its suppliers in order to settle mainly the trade payables due to such suppliers with a carrying amount in aggregate of RMB1,302,572,000 (equivalent to HK$1,499,651,000) (31 December 2025: RMB764,983,000, equivalent to HK$846,913,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

During the six months ended 30 June 2026 and 30 June 2025, the Group did not recognise any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

Notes to Interim Condensed Consolidated Financial Statements

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17. Trade and notes receivables (continued)

The movements in the loss allowances for impairment of trade receivables are as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
At 1 January 2026/1 January 2025	**266,781**	269,719
Impairment losses/(reversals of impairment losses), net	**804**	(3,748)
Amount written off as uncollectible	**(17)**	–
Exchange realignment	**1,399**	810
At 30 June 2026/31 December 2025	**268,967**	266,781

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for trade receivables. The provision rates are based on ageing information for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Impairment under HKFRS 9

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 30 June 2026

	Ageing				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**1.3%**	**10.1%**	**19.5%**	**99.9%**	**37.9%**
Gross carrying amount (HK$'000)	**406,983**	**40,786**	**2,337**	**259,246**	**709,352**
Expected credit losses (HK$'000)	**5,366**	**4,135**	**455**	**259,011**	**268,967**

At 31 December 2025

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.7%	12.7%	33.2%	99.9%	40.0%
Gross carrying amount (HK$'000)	371,350	38,688	1,220	255,629	666,887
Expected credit losses (HK$'000)	6,168	4,901	405	255,307	266,781

Notes to Interim Condensed Consolidated Financial Statements

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18. Prepayments, other receivables and other assets

Non-current portion

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Prepayments	**37,050**	102,720
Deposits	**15,948**	38,840
	52,998	141,560

Current portion

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Prepayments	**1,302,609**	632,780
Deposits and other receivables	**597,149**	371,142
	1,899,758	1,003,922
Less: Impairment provision	**(250,745)**	(242,017)
	1,649,013	761,905

Notes to Interim Condensed Consolidated Financial Statements

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19. Cash and cash equivalents, restricted deposits and pledged deposits

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Cash and bank balances	**1,483,093**	1,701,576
Less: Restricted deposits in relation to litigations	**(50,496)**	(35,840)
Less: Pledged deposits		
– pledged for notes payables	**(599,099)**	(473,541)
– pledged for bank borrowings	**(329,678)**	(385,199)
	(928,777)	(858,740)
Cash and cash equivalents as stated in the consolidated statements of financial position and cash flows	**503,820**	806,996

At 30 June 2026, cash and bank balances of the Group denominated in RMB amounting to HK$1,338,522,000 (31 December 2025: HK$1,541,069,000) were deposited with banks in Mainland China. RMB is not freely convertible in the PRC into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. Trade and notes payables

An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date of trade payables and the issue date of notes, is as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within one month	**617,888**	477,826
One to two months	**198,984**	67,355
Two to three months	**195,729**	64,130
Over three months	**563,260**	673,278
	1,575,861	1,282,589

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

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21. Other payables and accruals

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Contract liabilities	717,106	231,127
Other payables	691,617	778,867
Accruals	271,614	250,029
	1,680,337	1,260,023

Contract liabilities represent short-term advances received from customers to deliver products. Other payables are non-interest-bearing and have an average term of three months.

22. Interest-bearing bank and other borrowings

	30 June 2026			31 December 2025		
	Effective interest rate (%)	Maturity	HK$'000 (Unaudited)	Effective interest rate (%)	Maturity	HK$'000 (Audited)
Current						
Lease liabilities (note (a)) (note 23)	3.99-5.81	2026-2027	184,015	3.99-5.61	2026	168,984
Bank loans – secured (note (a))	2.70	2026	49,234	0.96-8.25	2026	926,256
Bank loans – unsecured	2.22-4.56	2026-2027	1,765,472	2.70-4.50	2026	1,296,525
Current portion of long-term bank loans – secured (note (a))	4.00-6.30	2026-2027	375,554	4.00-6.30	2026	243,783
Current portion of long-term bank loans – unsecured	2.80-4.50	2026-2027	230,196	3.30-4.50	2026	199,725
Other borrowings	–	–	–	8.00	2026	16,608
			2,604,471			2,851,881
Non-current						
Lease liabilities (note (a)) (note 23)	3.99-5.81	2027-2029	121,489	3.99-5.61	2027-2029	147,583
Bank loans – secured (note (a))	3.00-6.10	2027-2029	37,878	4.00-6.30	2027	226,623
Bank loans – unsecured	4.00-4.70	2027-2029	476,005	4.30-4.70	2027-2028	419,535
			635,372			793,741
			3,239,843			3,645,622

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22. Interest-bearing bank and other borrowings (continued)

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**2,420,456**	2,682,897
In the second year	**263,038**	535,450
In the third to fifth years, inclusive	**250,845**	110,708
	2,934,339	3,329,055
Lease liabilities:		
Within one year	**184,015**	168,984
In the second year	**94,037**	90,631
In the third to fifth years, inclusive	**27,452**	56,952
	305,504	316,567
	3,239,843	3,645,622

Note:

(a) The lease liabilities and secured bank loans were secured by certain of the Group's assets with the following carrying values:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Property, plant and equipment	**1,030,622**	976,824
Leasehold land	**82,070**	78,878
Trade receivables	**49,234**	–
Pledged deposits	**329,678**	385,199
	1,491,604	1,440,901

(b) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
RMB	**3,238,080**	3,644,171
USD	**1,027**	235
HK$	**736**	1,216
	3,239,843	3,645,622

23. Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the period are as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Carrying amount at 1 January 2026/1 January 2025	**316,567**	426,314
New leases	**66,660**	100,846
Accretion of interest recognised	**7,623**	16,423
Payments	**(97,639)**	(236,139)
Exchange realignment	**12,293**	9,123
Carrying amount at 30 June 2026/31 December 2025	**305,504**	316,567
Analysed into:		
Current portion	**184,015**	168,984
Non-current portion	**121,489**	147,583
	305,504	316,567

24. Deferred income

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
At 1 January 2026/1 January 2025	**49,815**	42,867
Additions	**26,881**	16,473
Amortisation	**(7,388)**	(10,681)
Exchange realignment	**2,226**	1,156
At 30 June 2026/31 December 2025	**71,534**	49,815

Deferred income represents the receipt of government grants for constructions of certain equipment, which has been credited as a non-current liability on the interim condensed consolidated statement of financial position. Such deferred income is amortised on the straight-line basis to profit or loss over the expected useful lives of the relevant assets acquired.

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25. Share capital

The following is a summary of the authorised share capital and the issued share capital of the Company:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Issued and fully paid:		
4,936,980,960 (31 December 2025: 4,936,980,960) ordinary shares of HK$0.10 each	**493,698**	493,698

A summary of the movements in the issued share capital of the Company is as follows:

	Notes	**Number of shares issued**	**Nominal value of shares issued** HK$
At 1 January 2025		3,428,459,000	342,845,900
Shares issued	(a), (b)	1,508,521,960	150,852,196
At 31 December 2025, 1 January 2026 and 30 June 2026		4,936,980,960	493,698,096

Note:

(a) On 11 April 2025, the Company and Prudential Brokerage Limited (the "**Placing Agent**") entered into a placing agreement in respect of the placing of 685,691,800 ordinary shares at a price of HK$0.21 per share under general mandate (the "**First Placing**"). The First Placing was completed on 2 May 2025. The net proceeds from the First Placing, after deduction of the commission and other expenses, amounted to approximately HK$140.97 million. Details of the First Placing were disclosed in announcements of the Company dated 11 April 2025 and 2 May 2025.

(b) On 8 July 2025, the Company and the Placing Agent entered into a placing agreement in respect of the placing of 822,830,160 ordinary shares at a price of HK$0.224 per share under general mandate (the "**Second Placing**"). The Second Placing was completed on 28 July 2025. The net proceeds from the Second Placing, after deduction of the commission and other expenses, amounted to approximately HK$180.44 million. Details of the Second Placing were disclosed in announcements of the Company dated 8 July 2025, 15 July 2025 and 28 July 2025.

There was no movement in the Company's issued capital during the six months period ended 30 June 2026.

26. Reserves

The amounts of the Group's reserves and the movements therein are presented in the interim condensed consolidated statement of changes in equity.

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Share premium		**170,729**	170,729
Contributed surplus		**2,461,249**	2,461,249
Revaluation reserve		**4,372**	-
Fair value reserve of financial assets at FVTOCI		**(97)**	(606)
Reserve funds	(a), (b)	**329,272**	322,277
Exchange fluctuation reserve		**(27,637)**	(149,416)
Capital redemption reserve		**312**	312
Investment related reserve		**2,051**	2,051
Accumulated losses		**(87,118)**	(379,499)
		2,853,133	2,427,097

Note:

(a) In accordance with the Company Law of the PRC, each of the subsidiaries of the Company that was registered in the PRC is required to:

(i) appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with PRC GAAP, to the statutory reserve until the balance of the reserve funds reaches 50% of the entity's registered capital. The statutory reserve can be utilized to offset prior years' losses, or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of the registered capital; and

(ii) pursuant to the relevant regulation in the PRC, provide for the safety fund based on the volume of ore excavated and the turnover of ferroalloy in prior years. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

(b) A subsidiary of the Company registered in Gabon maintains re-investment fund and assets replacement fund, which are allocated from retained profits in accordance with the Mining Code of Gabon. These funds are designated mainly for future capital expenditures of its mining operations.

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27. Commitments

(a) The Group as a lessor

The Group leases its investment properties and certain of its plant and machinery under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the period was HK$10,473,000 (2025: HK$5,976,000), details of which are included in note 4 to the financial statements.

At 30 June 2026, the total undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within one year	**6,570**	1,605
In the second year	**3,814**	672
In the third year	**3,382**	387
In the fourth year	**74**	176
In the fifth year	**–**	18
	13,840	2,858

(b) Capital commitments of the Group

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Capital expenditure in respect of:		
– Acquisition of items of property, plant and equipment	**319,234**	505,727
– Capital contribution payable	**94,061**	90,450
	413,295	596,177

28. Related party balances and transactions

Guangxi Dameng, a shareholder of the Company, exercises significant influence over the Group. Therefore, Guangxi Dameng and its subsidiaries are considered to be related parties of the Group.

(a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Notes	**Six months ended 30 June**	
		2026	2025
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Sale of finished good to associates	(i)	**933,610**	188,988
Sale of finished goods to Guangxi Dameng	(i)	**-**	94,139
Purchase of finished goods from Guangxi Dameng	(i)	**1,382**	63,139
Purchase of finished goods from associates	(i)	**-**	1,053
Maximum balance of loans to an associate	(ii)	**60,497**	43,422

Notes:

(i) These sales and purchases were made at prices based on the mutual agreements between the parties.

(ii) Loans to an associate carried interest at 8% per annum and is repayable on demand.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

28. Related party balances and transactions (continued)

(b) Outstanding balances with related parties

		30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
i)	Due from related companies Trade receivables	–	12,707
ii)	Due to related companies Trade payables	**1,880**	2,338
iii)	Due from associates, net of impairment (note 14)	**1,329**	1,279
iv)	Trade receivables due from associates included in trade and notes receivables	**41,299**	–
v)	Trade payables due to associates included in trade and notes payables	**42,378**	40,887
vi)	Receipts in advance from associates included in other payables and accruals	–	66,603

The Group's trade receivables from related companies and associates pertain to goods sold in the ordinary course of business. The amounts are unsecured and non-interest-bearing.

Trade payables to related companies and associates pertain to goods purchased in the ordinary course of business. The amounts are unsecured and non-interest bearing.

Receipts in advance from associates pertain to goods to be provided to the associates in the ordinary course of business. The amounts are unsecured and non-interest bearing.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Short-term employee benefits	**29,465**	14,597
Retirement benefit costs	**573**	617
Total compensation paid to key management personnel	**30,038**	15,214

29. Fair value and fair value hierarchy of financial instruments

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of notes receivable measured at FVTOCI and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for notes receivable and interest-bearing bank and other borrowings as at 30 June 2026 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets and liabilities measured at fair value:

	Fair value measurement using			
	quoted prices in active markets (Level 1) HK$'000	**significant observable inputs (Level 2) HK$'000**	**significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
30 June 2026				
Assets:				
Notes receivable	**–**	**130,527**	**–**	**130,527**
31 December 2025				
Assets:				
Notes receivable	–	476,672	–	476,672

During the six months ended 30 June 2026 and year ended 31 December 2025, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Excepted as disclosed above, management has assessed that the fair values of the Group's financial instruments approximate to their carrying amounts.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2026

30. Events after the reporting period

Placing of new shares under general mandate

On 18 August 2026, the Company and the placing agent entered into a placing agreement in respect of the placing of a maximum of 987,396,192 Shares at the placing price of HK$0.314 per Share under general mandate (the "**Placing**"). Assuming that all placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK$310.04 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK$303.53 million. Details of the Placing were disclosed in announcement of the Company dated 18 August 2026.

31. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2026.

Management Discussion and Analysis

Financial Review

	1H 2026 HK$'000	1H 2025 HK$'000
Revenue	**3,562,172**	2,912,419
Gross profit	**788,215**	553,116
Gross profit margin	**22.1%**	19.0%
Operating profit	**452,703**	207,033
Impairment losses on property, plant and equipment	**(15,927)**	–
Reversals of impairment losses/(impairment losses) on financial assets, net	**333**	(486)
Share of profits and losses of associates	**(4,132)**	10,290
Profit before tax	**432,977**	216,837
Income tax expense	**(47,934)**	(35,588)
Profit for the period	**385,043**	181,249
Profit for the period attributable to owners of the Company	**359,115**	172,696
Profit for the period attributable to non-controlling interests	**25,928**	8,553
	385,043	181,249

Financial Highlights

- Revenue amounted to HK$3,562.2 million for 1H 2026, representing an increase of 22.3% from HK$2,912.4 million of 1H 2025.
- Gross profit amounted to HK$788.2 million for 1H 2026, representing an increase of 42.5% from HK$553.1 million of 1H 2025. Gross profit margin was 22.1% for 1H 2026, representing an increase of 3.1 percentage points from 19.0% for 1H 2025.
- Operating profit amounted to HK$452.7 million for 1H 2026 (1H 2025: HK$207.0 million).
- Impairment losses on property, plant and equipment of HK$15.9 million were recognised for 1H 2026 (1H 2025: HK$nil).
- Profit attributable to owners of the Company amounted to HK$359.1 million for 1H 2026 (1H 2025: HK$172.7 million).

Overview

The global economy maintained moderate growth in 1H 2026, although the pace of expansion remained uneven across major economies. The United States continued to record relatively resilient economic activity, supported by consumer spending and a stable labour market, while economic growth in the Eurozone remained modest amid continued policy uncertainties and soft industrial activity. China's economy continued its gradual recovery, supported by policy measures aimed at stimulating domestic demand and infrastructure investment, although the property sector remained under pressure and consumer confidence recovered at a measured pace. Inflationary pressures generally eased across major economies, allowing certain central banks to adopt a more accommodative monetary policy stance. Nevertheless, geopolitical tensions, trade policy uncertainties and ongoing supply chain adjustments continued to pose risks to the global economic outlook.

The Group continued to focus on its core businesses in EMM and alloying materials production, battery materials production, manganese mining and trading business in 1H 2026, with major products including EMM Products, EMD, and manganese ores and related products.

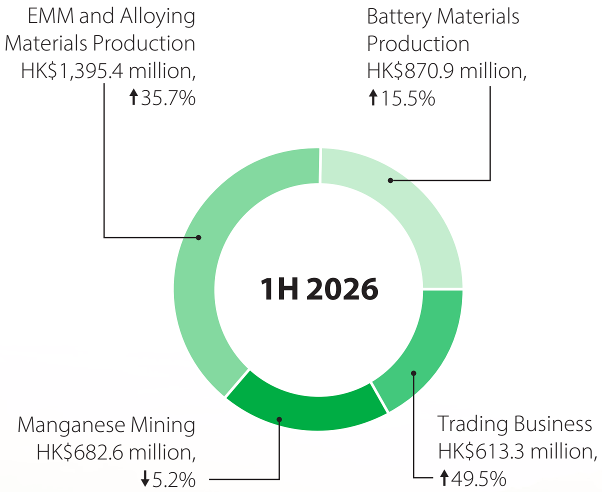
Management Discussion and Analysis

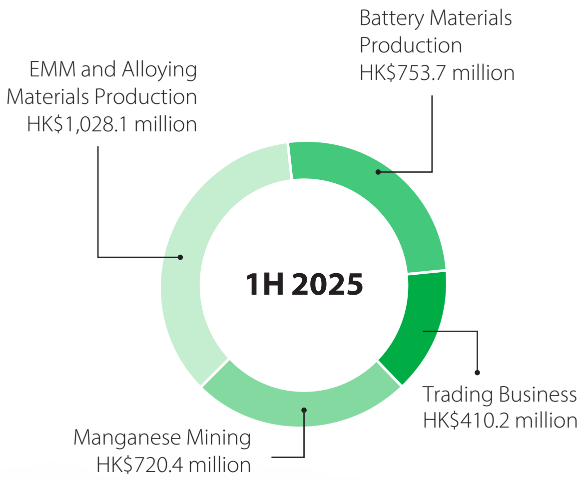
- Steel sector is our major downstream industry, with demand for our EMM Products primarily arising from consumption within China. During 1H 2026, while the broader steel market navigated a subdued property sector, demand for EMM was supported by resilient activity in infrastructure investment and manufacturing, alongside steady production of steels. Against this backdrop, average selling price of our EMM Products for 1H 2026 increased notably by 39.7% to HK$17,767 per tonne (1H 2025: HK$12,722 per tonne). Coupled with our comprehensive cost control across key areas such as production, procurement, material management, tendering and operations, gross profit margin of EMM Products improved to 26.6% for 1H 2026 (1H 2025: 12.9%) and the gross profit contribution of EMM Products increased to HK$357.6 million for 1H 2026 (1H 2025: HK$131.2 million).
- In 1H 2026, our production of battery materials including EMD continued to achieve satisfying overall results. For EMD, its average selling price increased to HK$16,285 per tonne for 1H 2026 (1H 2025: HK$14,869 per tonne) despite the decline in its sales volume. Gross profit margin of EMD remained relatively stable at 44.4% for 1H 2026 (1H 2025: 43.1%) and gross profit contribution of EMD was maintained at HK$261.3 million for 1H 2026 (1H 2025: HK$267.9 million).
- The Group recorded slight decline in revenue from manganese mining business which was mainly due to decrease in sales volume of Gabon manganese ores and manganese concentrate. However, primarily as a result of the increase in average selling price and relatively stable unit cost of Gabon manganese ores, gross profit margin of manganese mining business for 1H 2026 improved to 21.3% (1H 2025: 12.2%) and gross profit contribution of manganese mining business increased to HK$145.4 million for 1H 2026 (1H 2025: HK$88.2 million).
- For 1H 2026, mainly as a result of the increase in sales of manganese ingots with relatively thin margins, trading business recorded gross profit margin of 0.5% (1H 2025: 16.7%) and the gross profit contribution of trading business amounted to HK$3.0 million (1H 2025: HK$68.3 million).

In summary, primarily driven by the satisfactory performance of the Group's businesses in EMM and alloying materials production and manganese mining, operating profit for 1H 2026 amounted to HK$452.7 million (1H 2025: HK$207.0 million). Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") for 1H 2026 amounted to HK$710.1 million (1H 2025: HK$494.6 million) and the profit attributable to owners of the Company for 1H 2026 was HK$359.1 million (1H 2025: HK$172.7 million).

Comparison with six months ended 30 June 2025

Revenue by segment





For 1H 2026, total revenue was HK$3,562.2million (1H 2025: HK$2,912.4 million), representing an increase of 22.3% as compared with 1H 2025. The increase was mainly driven by increase in revenue from EMM and alloying materials production, battery materials production and trading business.

Management Discussion and Analysis

EMM and alloying materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK$/tonne)	Revenue (HK$'000)	Unit Cost of Sales (HK$/tonne)	Cost of Sales (HK$'000)	Gross Profit (HK$'000)	Gross Profit Margin (%)
Six months ended 30 June 2026							
EMM	**71,482**	**17,812**	**1,273,265**	**12,986**	**928,261**	**345,004**	**27.1**
Manganese briquette	**4,160**	**16,993**	**70,689**	**13,968**	**58,107**	**12,582**	**17.8**
	75,642	**17,767**	**1,343,954**	**13,040**	**986,368**	**357,586**	**26.6**
Others	**35,885**	**1,433**	**51,435**	**1,269**	**45,552**	**5,883**	**11.4**
Total	**111,527**	**12,512**	**1,395,389**	**9,253**	**1,031,920**	**363,469**	**26.0**
Six months ended 30 June 2025							
EMM	70,804	12,777	904,671	11,029	780,929	123,742	13.7
Manganese briquette	9,203	12,297	113,170	11,486	105,708	7,462	6.6
	80,007	12,722	1,017,841	11,082	886,637	131,204	12.9
Others	39,289	261	10,266	179	7,043	3,223	31.4
Total	119,296	8,618	1,028,107	7,491	893,680	134,427	13.1

Revenue of EMM and alloying materials production segment increased by 35.7% to HK$1,395.4 million for 1H 2026 (1H 2025: HK$1,028.1 million) mainly driven by the increase in revenue of EMM Products. EMM Products continued to be one of our major products in terms of revenue, with average selling price of which increased notably by 39.7% to HK$17,767 per tonne for 1H 2026 (1H 2025: HK$12,722 per tonne) primarily attributable to elevated costs of major upstream raw materials. Sales volume of EMM Products slightly decreased by 5.5% to 75,642 tonnes for 1H 2026 (1H 2025: 80,007 tonnes), mainly reflecting tight industry supply.

Through the ongoing implementation of comprehensive cost control measures across key areas such as production, procurement, material management, tendering and operations, the Group contained the increase in the unit cost of EMM products below the rise in their average selling price. Overall gross profit of EMM and alloying materials production segment increased by 170.5% to HK$363.5 million for 1H 2026 (1H 2025: HK$134.4 million) and its overall gross profit margin increased to 26.0% for 1H 2026 (1H 2025: 13.1%). As a result of the foregoing, the EMM and alloying materials product segment recorded a segment profit of HK$302.0 million for 1H 2026 (1H 2025: HK$38.9 million).

Management Discussion and Analysis

Battery materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK$/tonne)	Revenue (HK$'000)	Unit Cost of Sales (HK$/tonne)	Cost of Sales (HK$'000)	Gross Profit/(Loss) (HK$'000)	Gross Profit/ (Loss) Margin (%)
Six months ended 30 June 2026							
EMD	**36,171**	**16,285**	**589,049**	**9,061**	**327,728**	**261,321**	**44.4**
Manganese sulfate	**39,530**	**3,537**	**139,814**	**3,357**	**132,690**	**7,124**	**5.1**
Lithium manganese oxide	**1,831**	**53,711**	**98,344**	**52,260**	**95,688**	**2,656**	**2.7**
Trimanganese tetraoxide	**2,679**	**16,325**	**43,736**	**14,353**	**38,451**	**5,285**	**12.1**
Total	**80,211**	**10,858**	**870,943**	**7,412**	**594,557**	**276,386**	**31.7**
Six months ended 30 June 2025							
EMD	41,770	14,869	621,085	8,456	353,212	267,873	43.1
Manganese sulfate	23,242	2,998	69,669	3,158	73,395	(3,726)	(5.3)
Lithium manganese oxide	1,546	30,161	46,629	32,242	49,846	(3,217)	(6.9)
Trimanganese tetraoxide	1,348	12,073	16,274	11,177	15,066	1,208	7.4
Total	67,906	11,099	753,657	7,238	491,519	262,138	34.8

For 1H 2026, revenue of battery materials production segment increased by 15.5% to HK$870.9 million (1H 2025: HK$753.7 million) mainly attributable to the followings:

(a) EMD continued to be our major battery material product. Primarily due to elevated raw material costs, such as sulfuric acid, and tightened industry supply, average selling price of EMD for 1H 2026 increased by 9.5% to HK$16,285 per tonne (1H 2025: HK$14,869 per tonne) while the sales volume of EMD for 1H 2026 decreased by 13.4% to 36,171 tonnes (1H 2025: 41,770 tonnes), resulting in a slight decrease in revenue from EMD.

(b) For 1H 2026, revenue of other battery material products, including manganese sulfate, lithium manganese oxide and trimanganese tetraoxide recorded growth which was mainly driven by increase in their average selling price and sales volume, primarily supported by strong downstream demands.

As a result of the above and the elevated raw material costs, overall gross profit of battery materials production segment slightly increased by 5.5% to HK$276.4 million for 1H 2026 (1H 2025: HK$262.1 million) with a slightly declined overall gross profit margin of 31.7% for 1H 2026 (1H 2025: 34.8%). The battery materials production segment recorded a segment profit of HK$229.5 million for 1H 2026 (1H 2025: HK$206.2 million).

Manganese mining segment

	Sales Volume (tonnes)	Average Selling Price (HK$/tonne)	Revenue (HK$'000)	Unit Cost of Sales (HK$/tonne)	Cost of Sales (HK$'000)	Gross Profit/ (Loss) (HK$'000)	Gross Profit/ (Loss) Margin (%)
Six months ended 30 June 2026							
Gabon ore	**709,106**	**915**	**648,808**	**721**	**511,069**	**137,739**	**21.2**
Manganese concentrate	**58,913**	**400**	**23,575**	**405**	**23,882**	**(307)**	**(1.3)**
Natural discharging manganese powder and sand	**4,041**	**2,520**	**10,185**	**560**	**2,262**	**7,923**	**77.8**
Total	**772,060**	**884**	**682,568**	**696**	**537,213**	**145,355**	**21.3**
Six months ended 30 June 2025							
Gabon ore	757,191	837	633,419	735	556,870	76,549	12.1
Manganese concentrate	208,801	358	74,647	348	72,639	2,008	2.7
Natural discharging manganese powder and sand	5,452	2,265	12,347	493	2,687	9,660	78.2
Total	971,444	742	720,413	651	632,196	88,217	12.2

For 1H 2026, revenue of manganese mining segment slightly decreased by 5.2% to HK$682.6 million (1H 2025: HK$720.4 million) primarily due to decrease in sales volume of manganese concentrate. Such decrease was mainly attributable to a higher allocation of manganese concentrate for internal production of downstream manganese products with higher margins. The effect was largely offset by the revenue growth of Gabon manganese ore mainly driven by the increase in average selling price supported by the demands from downstream producers.

Primarily attributable to the revenue growth of Gabon manganese ore and its relatively stable unit cost, gross profit of manganese mining segment increased by 64.9% to HK$145.4 million for 1H 2026 (1H 2025: HK$88.2 million). As a result of the above, the manganese mining segment recorded a segment profit of HK$85.9 million for 1H 2026 (1H 2025: HK$31.6 million).

Management Discussion and Analysis

Other business segment

	Revenue (HK$'000)	Cost of Sales (HK$'000)	Gross Profit (HK$'000)	Gross Profit Margin (%)
Six months ended 30 June 2026				
Trading	**613,272**	**610,267**	**3,005**	**0.5**
Six months ended 30 June 2025				
Trading	410,242	341,908	68,334	16.7

Revenue of other business segment increased to HK$613.3 million for 1H 2026 (1H 2025: HK$410.2 million), representing an increase of 49.5%, whereas its gross profit margin declined to 0.5% (1H 2025: 16.7%) with a gross profit amounted to HK$3.0 million (1H 2025: HK$68.3 million). These were primarily attributable to the significant increase in sales of manganese ingots with relatively thin margins during 1H 2026.

Cost of Sales

Total cost of sales increased by 17.6% to HK$2,774.0 million for 1H 2026 (1H 2025: HK$2,359.3 million) in line with increase of revenue.

Gross Profit

For 1H 2026, the Group recorded a gross profit of HK$788.2 million (1H 2025: HK$553.1 million), which represented an increase of HK$235.1 million or 42.5%. The Group's overall gross profit margin was 22.1% for 1H 2026, representing an increase of 3.1 percentage points from 19.0% for 1H 2025. The improvements in overall gross profit and gross profit margin were primarily driven by the satisfactory performance of the Group's businesses in EMM and alloying materials production and manganese mining during the reporting period.

Other Income and Gains

Other income and gains amounted to HK$84.8 million for 1H 2026 (1H 2025: HK$42.9 million) which mainly represented interest income, subsidy income, income from sale of scraps, rental income and other miscellaneous income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for 1H 2026 decreased by 19.4% to HK$28.3 million (1H 2025: HK$35.1 million) generally in line with decrease in sales volume of EMD and EMM Products.

Administrative Expenses

Administrative expenses remained stable at HK$250.5 million for 1H 2026 (1H 2025: HK$242.5 million).

Impairment Losses on Property, Plant and Equipment

Impairment losses on property, plant and equipment amounted to HK$15.9 million for 1H 2026 (1H 2025: HK$nil) which mainly represented impairment losses on certain obsolete plant and machinery of Guangxi Start due to relocation of business.

Finance Costs

For 1H 2026, the Group's finance costs were HK$69.8 million (1H 2025: HK$79.4 million), representing a decrease of 12.1% which was mainly due to the decrease in total borrowings.

Management Discussion and Analysis

Other Expenses
Other expenses increased to HK$71.7 million for 1H 2026 (1H 2025: HK$32.0 million) mainly due to the recognition of fair value losses on investment properties of HK$34.4 million for the reporting period.

Share of Profits and Losses of Associates
For 1H 2026, share of losses of associates of HK$4.1 million (1H 2025: profits of HK$10.3 million) mainly represented share of losses of Qingdao Manganese.

Income Tax Expense
For 1H 2026, the effective tax rate was 11.1% (1H 2025: 16.4%) which was lower than the applicable corporate income tax rate of China in which the Group mainly operates, mainly due to over-provision in prior year and utilisation of tax losses not previously recognised.

Profit Attributable to Owners of the Company
For 1H 2026, the Group's profit attributable to owners of the Company was HK$359.1 million (1H 2025: HK$172.7 million).

Earnings per Share
For 1H 2026, earnings per share attributable to owners of the Company was HK$0.0727 (1H 2025: HK$0.0473).

Interim Dividend
The Board does not recommend the payment of any interim dividend for 1H 2026 (1H 2025: Nil).

Liquidity and Financial Resources
Cash and Bank Balances

As at 30 June 2026, the currency denomination of the Group's cash and bank balances including restricted deposits and pledged deposits are as follows:

Currency denomination	**30 June 2026 HK$ million**	31 December 2025 HK$ million
Denominated in:		
RMB	**1,366.0**	1,541.1
HKD	**2.2**	1.9
USD	**75.0**	120.2
XAF	**1.5**	33.5
EUR	**38.4**	4.9
	1,483.1	1,701.6

As at 30 June 2026, our cash and bank balances including restricted deposits and pledged deposits were HK$1,483.1 million (31 December 2025: HK$1,701.6 million) while the Group's borrowings amounted to HK$3,239.8 million (31 December 2025: HK$3,645.6 million). As at 30 June 2026, the Group's borrowings net of cash and bank balances amounted to HK$1,756.8 million (31 December 2025: HK$1,944.0 million).

To manage liquidity risk, the Group continues to monitor current and expected liquidity requirements to secure sufficient balance of cash in the short and long terms as well as facilities from banks and financial institutions.

Management Discussion and Analysis

Other major changes in working capital

As at 30 June 2026, prepayments, other receivables and other assets classified under current assets increased to HK$1,649.0 million (31 December 2025: HK$761.9 million) mainly due to increase in prepayments for purchase of manganese ingots.

Net Current Liabilities

As at 30 June 2026, the Group's net current liabilities decreased to HK$1,200.3 million (31 December 2025: HK$1,439.9 million).

Bank and Other Borrowings

As at 30 June 2026, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**30 June 2026 HK$ million**	31 December 2025 HK$ million
Secured borrowings (including lease liabilities)	**768.2**	1,713.2
Unsecured borrowings	**2,471.6**	1,932.4
	3,239.8	3.645.6

Maturity profile	**30 June 2026 HK$ million**	31 December 2025 HK$ million
Repayable:		
Within one year or on demand	**2,604.5**	2,851.9
In the second year	**357.1**	626.1
In the third to fifth years, inclusive	**278.2**	167.6
	3,239.8	3,645.6

Currency denomination	**30 June 2026 HK$ million**	31 December 2025 HK$ million
Denominated in:		
RMB	**3,238.1**	3,644.2
USD	**1.0**	0.2
HK$	**0.7**	1.2
	3,239.8	3,645.6

As at 30 June 2026, borrowings as to the amounts of HK$2,940.8 million (31 December 2025: HK$3,645.6 million) and HK$299.0 million (31 December 2025: HK$nil), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 2.22% to 6.30%. The floating rate borrowings comprise RMB denominated loans that carry interest up to the China Loan Prime Rate.

Overall, aggregate borrowings decreased to HK$3,239.8 million as at 30 June 2026 (31 December 2025: HK$3,645.6 million). The Group continues to explore various means including short-term or medium-term notes and more long-term bank loans to improve borrowing structure in terms of interest rate level and repayment terms. The Group will also continue to implement the debt reduction proposal approved by the shareholders of the Company at the special general meeting held on 9 July 2025.

Management Discussion and Analysis

Charge on Group Assets

As at 30 June 2026, (a) right-of-use assets of HK$1.4 million (31 December 2025: HK$1.5 million) related to property, plant and equipment were held under leases; (b) bank balances of HK$928.8 million (31 December 2025: HK$858.7 million) were pledged to secure certain of the Group's bank acceptance notes payable and bank borrowings; (c) property, plant and equipment and leasehold lands of HK$1,112.7 million (31 December 2025: HK$1,055.7 million) and trade receivables of HK$49.2 million (31 December 2025: HK$nil) were pledged to secure certain of the Group's bank and other borrowings; and (d) bank balances of HK$50.5 million (31 December 2025: HK$35.8 million) were restricted to secure certain potential claims from disputes with customers.

Key Financial Ratios of the Group

Maturity profile	**30 June 2026**	31 December 2025
Current ratio	**0.80**	0.74
Quick ratio	**0.62**	0.61
Net gearing ratio	**52.5%**	66.6%

Current ratio	=	balance of current assets at the end of the period/balance of current liabilities at the end of the period
Quick ratio	=	(balance of current assets at the end of the period − balance of inventories at the end of the period)/balance of current liabilities at the end of the period
Net gearing ratio	=	Calculated as net debt divided by equity attributable to owners of the Company. Net debt is defined as the sum of interest-bearing bank and other borrowings less cash and cash equivalents, restricted deposits and pledged deposits

As at 30 June 2026, current ratio, quick ratio and net gearing ratio of the Group improved as compared to those as at 31 December 2025, mainly as a result of the better operating results for 1H 2026 and the reduction of total borrowings.

Liquidity risk and going concern basis

The Group monitors its risk to a shortage of funds on an on-going basis by closely monitoring the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group's objective is to maintain sufficient working capital to finance its operations and meet its financial obligation as and when they fall due. At the same time, the Group will strive a balance between continuity of funding and flexibility through the use of short-term and long-term bank loans, finance leases, other interest-bearing borrowings and short-term and medium-term notes, taking also into account of the different pricing of various financing for each alternatives. Due consideration will also be given to equity financing alternatives.

In preparing the interim condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$1,200.3 million as at 30 June 2026. Subsequent to the end of the reporting period, the Group has successfully renewed or obtained new bank and other borrowings of HK$555.4 million during the period from 1 July 2026 up to the date of authorisation of the consolidated financial statements of the Group. The directors of the Company, after taking into account of internally generated funds from its operations and successful renewals of bank and other borrowings, are of the opinion that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period. Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis.

Management Discussion and Analysis

Credit Risk

The Group endeavoured to maintain strict control over its outstanding receivables to minimise credit risk. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one to three months from the invoice date and cash realization may be further extended by three to six months for those customers paying by bank acceptance notes. Overdue balances are regularly reviewed by senior management. Since the Group's trade and notes receivables related to a large number of diversified customers, there was no significant concentration of credit risk save for a customer described below. The Group normally did not hold any collateral or other credit enhancements over its trade and notes receivable balances.

As at 30 June 2026, the customer with the largest balance of trade and notes receivables of the Group was a customer together with its subsidiaries ("**Customer A**") which is principally engaged in manganese ferroalloy production and manganese ore trading in China. At 30 June 2026, trade receivables due from Customer A was HK$232.0 million (31 December 2025: HK$232.0 million) and represented 32.7% (31 December 2025: 34.8%) of the Group's total trade receivables, which was totally overdue and fully provided as at 31 December 2025 and 30 June 2026. The Group continues to negotiate a repayment schedule with Customer A and will take further legal actions when necessary to speed up the collections of the debts.

As at 30 June 2026, the fully impaired amount due from Dushan Jinmeng of HK$337.1 million (31 December 2025: HK$324.2 million) was arising from the settlement of guarantee liability in 2024 for a corporate guarantee provided by the Group on banking facilities granted to Dushan Jinmeng since 2015. Dushan Jinmeng's leasehold land and certain of its property, plant and equipment was pledged to the Group to secure the repayment and this right over charge will be exercisable if Duhan Jinmeng does not repay the amount on or before 19 May 2027.

Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Floating interest rates are subject to interest rate changes in the China Loan Prime Rate. If the China Loan Prime Rate increases, our finance costs will increase. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, any upward fluctuations in interest rates will increase the costs of new debt obligations.

Foreign exchange risk

The Group's operations are primarily in Hong Kong, China and Gabon. Foreign exchange risks for operations in each location are set out below.

(a) In respect of our trading operations in Hong Kong, our sales and purchases are both denominated in United States dollars. In addition, Hong Kong dollars is pegged to United States dollars and hence foreign exchange risk is minimal.

(b) In respect of our mining and downstream operations in the PRC, our products are sold to local customers in RMB and to a less extent to overseas customers in United States dollars. Major expenses of our PRC operations are denominated in RMB. Our PRC operations face minimal foreign exchange risks except for the followings:

    The Group imported manganese ores from oversea suppliers which are denominated in United States dollars to cope with its production of alloy materials and trading purpose. In addition, certain of our purchases was financed by bank borrowings denominated in United States dollars. In order to contain the foreign currency risk in association with such purchases, the Group may enter into forward currency contracts for selected major purchases at the time of entering into the relevant purchase contracts or loan contracts to secure against exchange rate movements.

(c) In respect of our Gabon operation, our income is substantially denominated in RMB and United States dollars and all major local operating expenses are denominated in RMB and XAF, which is pegged to EURO, while the freight charges are denominated in United States dollars.

Management Discussion and Analysis

Use of Proceeds from IPO

Up to 30 June 2026, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

	Description	Amount designated in Prospectus (HK$ Million)	Amount utilised up to 30 June 2026 (HK$ Million)	% utilised	Amount utilised up to 31 December 2025 (HK$ Million)	% utilised
1	Expansion project at Daxin EMD Plant	79	79	100.0	79	100.0
2	Expansion project of underground mining and ore processing at Daxin Mine	278	278	100.0	278	100.0
3	Expansion and construction projects of our EMM production facilities	516	516	100.0	516	100.0
4	Construction project at Chongzuo Base	59	59	100.0	59	100.0
5	Development of Bembélé Manganese Mine and associated facilities	119	119	100.0	119	100.0
6	Technological improvement and renovation projects at our production facilities	40	40	100.0	40	100.0
7	Acquisition of mines and mining rights	397	347	87.4	336	84.6
8	Repayment on a portion of our bank borrowings	297	297	100.0	297	100.0
9	Working capital and other corporate purposes	198	198	100.0	198	100.0
	Total	1,983	1,933	97.5	1,922	96.9

As at 30 June 2026, proceeds from IPO designated for acquisition of mines and mining rights to the extent of HK$50 million was not yet utilised. According to the Prospectus, the proceeds shall be used for the acquisition of mines, mining rights in relation to mines with identified mining resources or related production facilities. During 1H 2026, HK$11.4 million was utilised and paid to the PRC government to extend the mining rights of Changgou Manganese Mine and Daxin Manganese Mine. The unutilised proportion of IPO proceeds of HK$50 million is expected to be fully utilised during or before the year ending 31 December 2032. The unutilised portion of IPO proceeds continues to be maintained in deposits with licensed banks.

Management Discussion and Analysis

Business Model and Strategy

The Group strives to be the global leading one stop and vertical integrated manganese producer while maintaining the Group's long term profitability and assets growth with adoption of flexible business model and strategy and prudent risk and capital management framework. We intend to adopt and implement the following strategies to achieve our objective:

(a) expand and upgrade our manganese resources and reserves through exploration and enhance our strategic control of manganese resources and reserves through mergers and acquisitions;

(b) enhance our operational efficiency and profitability; and

(c) establish and consolidate our strategic relationships with selected major customers and industry leading partners.

Future Development and Outlook

In 1H 2026, the global economic environment remained subject to uncertainties arising from geopolitical tensions, evolving international trade policies and fluctuations in financial markets. While the pace of global economic recovery remained uneven, China continued to demonstrate relatively stronger resilience, supported by ongoing policy measures aimed at stimulating domestic demand and infrastructure investment, which are likely to accelerate demand for high-purity manganese products such as EMM and EMD.

We will continue to closely monitor developments in the global economic environment, international trade dynamics and market conditions, and will respond proactively by strengthening cost control, enhancing operational efficiency and maintaining prudent capital management.

Environmental, Social and Governance Report

We always adhere to the concept of sustainable development including using scientific design and taking advanced, reasonable and effective measures to exploit mine resources scientifically, orderly, and reasonably. While becoming bigger and stronger in the industry, we always maintain the harmony between man and nature, demonstrate a new image of a good and responsible mining company.

Now we have around 5,300 employees in Hong Kong, Guangxi, Guizhou, China and Gabon, Africa. In addition to continue our long-term goal to provide quality products to our valuable clients in an environmental friendly manner, we are also keen to establish a quality operation system, to protect the safety and health of our employees and also to provide contribution to the surrounding community in which we have businesses.

Materiality

The Group has been publishing the Environmental, Social and Governance ("**ESG**") report in its interim report and annual report. This report has been approved by the Board and set out in the Company's interim report. As part of the preparation for compiling this report, we undertake a preliminary review of the material topics that have affected and continue to affect our business, and our actions to address them. This report concentrated on the sustainability topics which we consider of interest to our key stakeholders, which include national and regional government, community members, our workforce and business partners.

A matter is considered to be material if, in the view of the Board and senior management, it is of such importance that it will, or potentially could, in the short, medium or long term:

- have a significant influence on, or is of particular attention to, our stakeholders; or
- substantively impact our ability to meet our strategic objectives.

Once identified, each material issue is given a priority level based on the level of concern shown by stakeholders, as well as its actual and/or potential impact on the business. The issues which we identified as being material are in the following four aspects, in no order of priority:

- Safety Production and Labour Protection;
- Energy Savings and Environmental Protection;
- Quality Operation System Establishment, Employment Training and Growth; and
- Social Contribution, Living Environment and Culture Development.

The Group attaches great importance to ESG management and incorporates it into the Company's management process. The Board assumes full responsibility for the Group's ESG strategy and reporting and is responsible for assessing and determining the Group's ESG-related risks and ensuring appropriate and effective ESG risk management and proper implementation of the internal monitoring system.

The Group attaches great importance to the communication with stakeholders, by disseminating the Company's ESG concepts and practices through raises channels, understanding the concerns of stakeholders and taking action to meet their reasonable expectations and demands.

Basis of preparation

Unless otherwise stated, the basis for preparation of this report is same as the past years. The data in this report, covers companies, assets and projects in which we have operational control (where we have full authority to implement our operating policies), but does not cover our associated companies.

Environmental, Social and Governance Report

Basis of preparation (continued)

A summary of our key performance indicators in the aforesaid four critical areas during the six months ended 30 June 2026 is set out in the following table:

Critical Areas	Key performance indicators	Six months ended 30 June 2026	2025	2024
Safety Production and Labour Protection	Number of Fatalities (Note 1)	**0**	0	0
	Number of Injuries	**0**	1	0
	Number of Lost Days Caused by Injuries (Note 2)	**0**	29	0
Energy Savings and Environmental Protection	Total Electricity Consumption (MWh) (Note 3)	**911,550**	1,049,646	769,696
	(i) Electricity Intensity of EMM (kWh per tonne) (Note 4)	**6,575**	6,870	6,570
	(ii) Electricity Intensity of EMD (kWh per tonne) (Note 5)	**1,692**	1,929	2,330
	(iii) Electricity Intensity of silicomanganese alloy (kWh per tonne) (Note 6)	**–**	–	4,178
	Total Water Consumption (Tonnes) (Note 7)	**2,437,918**	2,050,691	2,865,271
	(i) Water Intensity of EMM (m^3 per tonne) (Note 8)	**2.87**	2.81	2.03
	(ii) Water Intensity of EMD (m^3 per tonne) (Note 9)	**1.17**	9.09	9.29
	(iii) Water Intensity of silicomanganese alloy (m^3 per tonne) (Note 10)	**–**	–	4.81
	Exhaust Gas Emission (Tonnes) (Note 11)	**–**	–	5
	Greenhouse Gas Emission (Tonnes) (Note 12)	**–**	–	19,619
	Waste Slag Volume (Tonnes)	**1,018,929**	906,302	907,505
	Non-hazardous Waste Produced (Tonnes) (Note 13)	**494,538**	412,762	532,485
	Total Packaging Material Used for Finished Products Number	**250,853**	269,090	195,748
Quality Operation System Establishment, Employment Training and Growth	Number of Suppliers	**836**	212	603
	Number of Complaint against our Products	**0**	0	0
	Number of Complaints and/or Legal Cases regarding Corrupt Practices	**0**	0	0
	Number of Employees	**5,354**	5,218	6,029
	Female Ratio (percentage)	**25.5**	26.4	28.1
Social Contribution, Living Environment and Culture Development	Donation (HKD)	**586,000**	65,000	348,000

Basis of preparation (continued)

Notes:

1. Fatality is the death of an employee as a result of an occupational illness/injury/disease incident in the course of employment.

2. An occupational illness/injury/disease sustained by an employee causing him/her to miss one scheduled workday/shift or more after the day of the injury.

3. The figures include the total electricity consumption for all the EMM, EMD and silicomanganese alloy processing plants.

4. The figures include the consolidated average electricity usage (kWh) per EMM (tonne) for our EMM production by our EMM plants.

5. The figures include the average electricity usage (kWh) per EMD (tonne) for EMD production by our EMD plants.

6. The figures include the average electricity usage (kWh) per silicomanganese alloy (tonne) for our silicomanganese alloy production by our silicomanganese alloy plants. For the six months ended 30 June 2025 and the six months ended 30 June 2026, there were no relevant figures as our silicomanganese alloy plants were in the state of shutdown.

7. The figures include the total water consumption for the EMM, EMD and silicomanganese alloy processing plants.

8. The figures include the consolidated average water usage (m^3) per EMM (tonne) for our EMM production by our EMM plants.

9. The figures include the average water usage (m^3) per EMD (tonne) for our EMD production by our EMD plants.

10. The figures include the average water usage (m^3) per silicomanganese alloy (tonne) for our silicomanganese alloy production by our silicomanganese alloy plants. For the six months ended 30 June 2025 and the six months ended 30 June 2026, there were no relevant figures as our silicomanganese alloy plants were in the state of shutdown.

11. The figures include the exhaust gas emissions for Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. For the six months ended 30 June 2025 and the six months ended 30 June 2026, there were no relevant figures as both Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were in the state of shutdown.

12. The figures include the greenhouse gas emission for Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. For the six months ended 30 June 2025 and the six months ended 30 June 2026, there were no relevant figures as both Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were in the state of shutdown.

13. The figures include the tailings produced by Daxin Mine, Tiandeng Mine, Changgou Manganese Mine and Bembélé Manganese Mine during the six months ended 30 June 2026. Since Waifu Manganese Mine has not come into formal mining production, therefore no tailings were produced in Waifu Manganese Mine during the six months ended 30 June 2026.

Environmental, Social and Governance Report

1. Safety Production and Labour Protection

Safety production and labour protection are our top priority. We insist on safety production and continue to strengthen the safety awareness of our workers.

During the six months ended 30 June 2026, our major measures are as follows:

(1) Strict Implementation of the Establishment and Execution of the Safety Production System:

In China, we continued to strictly implement the "Six Major Safety Systems" in our Daxin Mine, Tiandeng Mine and Changgou Manganese Mine.

(2) Strict Implementation of Safety Production Responsibility System:

We continued to strictly implement the safety production responsibility system, requiring each of our production units to endorse and implement the production safety responsibility commitments, which are also part of the appraisals for our employees, so as to ensure our safety system is in place.

(3) Establishment of Safety Production Standardisation System:

In China, we continued to reinforce our efforts on production safety standardisation for metallurgical and non coal enterprises, including, inter alia, the followings:

(i) Daxin Branch maintained the qualification for second level safety standardization in respect of EMM plants and EMD plants;

(ii) Chongzuo Branch maintained the qualification for second level safety standardization; and

(iii) Qinzhou Ferroalloy Plant maintained the qualification for the second level safety standardization.

(4) Safety Education and Training, Reinforcement of Production Safety Concept to our employees:

In China, we continued to reinforce the production safety concept to our employees, including, inter alia, the following:

(i) We conducted diversified safety publicity, education and training;

(ii) We commenced "Safety Production Month" activities, safety knowledge trainings, safety knowledge competition and first aid rescue etc. series of activities regarding safety production; and

(iii) We investigated the remaining problems, actively implemented rectifications, and strengthened supervision and inspection.

Environmental, Social and Governance Report

1. Safety Production and Labor Protection (continued)

(5) Strict Compliance with Labour Standards:

Our employment policies strictly followed the prevailing laws and regulations regarding the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

We prohibited the employment of child, forced or compulsory labour in any of our operations. During the six months ended 30 June 2026, we did not identify any operation or supplier as having significant risk of child labour, young workers exposed to hazardous work, or forced or compulsory labour.

(6) Continuous Investment to the Safety Measures:

We committed to invest in our safety measures for labor protection, including protection accessories, dust prevention and noise removal facilities. During the six months ended 30 June 2026, we have conducted a review in respect of our workplaces regarding the existing adverse effect of occupational diseases and occupational diseases testing and enhanced the protection equipments with those dangerous positions so as to protect the health of our employees.

We strongly believe that our carefully designed safety production system, thoroughly implemented and continuous reassessment, can provide sufficient protection to protect the health and safety of our employees.

As a result of our continuous stringent control in respect of the production safety, we continued to keep relatively low fatalities and the number of injuries in respect of our employees continued to remain at a relatively low level.

Set out below is a summary of the fatalities, number of injuries, fatality rate and loss of days caused by injuries during the six months ended 30 June 2026:

	Six months ended 30 June		
Number of Fatalities (by Location)	**2026**	2025	2024
Hong Kong	**0**	0	0
Mainland China	**0**	0	0
Gabon	**0**	0	0
Total	**0**	0	0

	Six months ended 30 June		
Number of Injuries (by Location)	**2026**	2025	2024
Hong Kong	**0**	0	0
Mainland China	**0**	1	0
Gabon	**0**	0	0
Total	**0**	1	0

Environmental, Social and Governance Report

1. Safety Production and Labor Protection (continued)

Fatality Rate (%) (by Location)	Six months ended 30 June 2026	2025	2024
Hong Kong	**0**	0	0
Mainland China	**0**	0	0
Gabon	**0**	0	0
Total	**0**	0	0

Number of Lost Days Caused by Injuries (by Location)	Six months ended 30 June 2026	2025	2024
Hong Kong	**0**	0	0
Mainland China	**0**	29	0
Gabon	**0**	0	0
Total	**0**	29	0

The number of lost days caused by injuries during the six months ended 30 June 2026 is zero due to our efforts in the enhancement of safety production measures.

We will continue to the training towards our workers and actively implemented and reinforced our production safety measures, in order to protect the safety and health of our employees.

Compliance with Safety Production Rules and Regulations and Labour Standards

During the six months ended 30 June 2026, we continued to strictly follow all the prevailing laws and regulations regarding safety production and labour standards in Hong Kong, Mainland China and Gabon. To the best of our information and knowledge, there are no material non-compliance with the prevailing laws and regulations regarding safety production and labour standards by the Group during the six months ended 30 June 2026.

2. Energy Savings and Environmental Protection

Strict Supervision of Resource Consumption

Our electricity are provided by the local electricity companies or generated by our electricity generators. Our water are either extracted from the rivers or provided by the water supplies authority of the local regions which we operate. The supply of electricity and water are fit for our operation or production purposes and are provided in a stable and effective manner.

We continued to strictly monitor our resources consumption on an ongoing basis and take effective measures to increase energy efficiency. The electricity consumption and water consumption (including electricity and water intensity) are our top priorities. During the six months ended 30 June 2026, we collected the figures for total electricity consumption and water consumption for all the EMM, EMD and silicomanganese alloy processing plants. For the six months ended 30 June 2026 and the six months ended 30 June 2025, there were no relevant figures as our silicomanganese alloy plants were in the state of shutdown. Details are set out in the following table:

	Six months ended 30 June 2026	2025	2024
Electricity Consumption (MWh)	**911,550**	1,049,646	769,696
(i) Electricity Intensity of EMM (kWh per tonne)	**6,575**	6,870	6,570
(ii) Electricity Intensity of EMD (kWh per tonne)	**1,692**	1,929	2,330
(iii) Electricity Intensity of silicomanganese alloy (kWh per tonne)	**–**	–	4,178
Water Consumption (Tonnes)	**2,437,918**	2,050,691	2,865,271
(i) Water Intensity of EMM (m^3 per tonne)	**2.87**	2.81	2.03
(ii) Water Intensity of EMD (m^3 per tonne)	**1.17**	9.09	9.29
(iii) Water Intensity of silicomanganese alloy (m^3 per tonne)	**–**	–	4.81

2. Energy Savings and Environmental Protection (continued)

Reduction of Waste Production

Waste is a by-product during the process of our production operation. Due to the different operation processes in our mining and downstream production, different types of waste are generated. Throughout the whole production process from our upstream mining up to downstream operations, the biggest volume of hazardous wastes generated are greenhouse gas, waste water, and waste slag while the biggest volume of non-hazardous wastes generated are tailings. Beyond that, the volume of solid and liquid waste we generate is small and the risk of significant environmental spills or leakages is low. We are committed to reducing our various kinds of waste production through technical innovation, so as to reduce their impact on the natural environment.

(1) Exhaust Gas and Greenhouse Gas Emissions

The exhaust gas and greenhouse gas emissions are mainly caused during the silicomanganese alloy production by Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. Beyond that, the exhaust gas and greenhouse gas emissions by our other segment of business is relatively not significant and therefore we have not taken into account. We improved the production technology, reduced energy consumption and continuously and regularly detected exhaust gas and greenhouse gas emissions, so as to reduce the total amount of exhaust gas and greenhouse gas emissions and its impact on the natural environment, and meet the environmental impact assessment implementation standards. Details of our exhaust gas and greenhouse gas emissions are set out as follows:

	Six months ended 30 June		
	2026	2025	2024
Exhaust Gas			
Nitrogen oxides (NOx) (Tonnes)	**–**	–	4
Sulfur oxides (SOx) (Tonnes)	**–**	–	1
Total Amount (Tonnes)	**–**	–	5
Greenhouse Gas			
Scope 1 emissions (Tonnes)	**–**	–	18,170
Scope 2 emissions (Tonnes)	**–**	–	1,449
Total Amount (Tonnes)	**–**	–	19,619

For the six months ended 30 June 2026 and the six months ended 30 June 2025, there were no relevant figures as both Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were in the state of shutdown.

(2) Waste Water

Water is mainly used for our upstream mining operation and downstream EMM and EMD production. The largest volume of water we withdraw from water bodies is used for grinding of our manganese ores and electrolysis process of our EMM and EMD. However, the majority of the water is discharged back to their sources after appropriate treatment in accordance with local environmental laws and regulations to ensure no adverse environmental impact is introduced. Depending on site-specific conditions, operational situations and age, some of these were introduced in the design stage, and some were initiated after production.

Environmental, Social and Governance Report

2. Energy Savings and Environmental Protection (continued)

Reduction of Waste Production (continued)

(3) Waste Slag

Waste slags are by products of our various downstream productions. We are committed to reducing our waste slag emissions by strict monitoring and management to ensure such waste slags are processed with proper treatments before disposal. Details of our waste slags are set out as follows:

	Six months ended 30 June		
	2026	2025	2024
Waste Slags Volumes (Tonnes)	**1,018,929**	906,302	907,505

(4) Non-hazardous Wastes-Tailings

Tailings are produced during the ore processing process of our upstream mining operation. All these tailings are non hazardous and are directed into our designated tailings dams and tailings storage facilities and when full, replantation will be carried out thereof in order to restore their original ecological structure. Details of tailings produced are set out as follows:

	Six months ended 30 June		
	2026	2025	2024
Tailings Production (Tonnes)	**494,538**	412,762	532,485

(5) Packaging Materials used for our finished products

Packaging bags are used to contain our finished products in accordance with the need of our customers. Details of our packaging bags used are set out as follows:

	Six months ended 30 June		
	2026	2025	2024
Packaging bags	**250,853**	269,090	195,748

We will continue to monitor the environmental effect in respect of our production, continuing to reduce our waste production, so as to minimise the impact on the surrounding ecosystem.

Environmental Regulation: Compliance and Beyond

In China, the implementation of rules and regulations such as 2008-2015 National Mineral Resources Plan, Guangxi Zhuang Autonomous Region Green and Harmonious Mines Construction Management Rules (Trial Version), Guangxi Zhuang Autonomous Region Green and Harmonious Mines Construction Implementation Program and National Land Remediation Plan (2016-2020), have enhanced the green mine constructions regulations and requirements regarding the legal operation, comprehensive utilization, environmental protection, land reclamation, etc. for the mining companies including the Group.

In Gabon, the local government also enhanced the rules and requirements regarding the environmental protection matters.

2. Energy Savings and Environmental Protection (continued)

Environmental Regulation: Compliance and Beyond (continued)

Notwithstanding that, during the six months ended 30 June 2026, we continued our investment in environmental protection measures in compliance with the relevant rules and regulations. We have not breached any environmental rules or regulations which resulted in material fines or prosecutions. We believe that rule compliance is only the minimum standard – we treat it as the floor to our environmental performance. We are committed to the responsible management of both the short and long-term impacts of our business on the environment. This commitment goes beyond compliance and applies to all stages of our business – from planning, building, operation, maintenance to the decommissioning of our facilities and equipment.

Energy Savings and Reduction: Continuous Research and Implementation

By strengthening our management method, improving our production facilities and streamlining our production process, we continued our research upon and implement various energy savings and reduction measures. During the six months ended 30 June 2026, we have implemented the following measures:

(1) Our upstream mining business:

- (i) We continued to optimize production layout, ensure raw material supply and improve the mining methods, thereby reducing the mining costs;

- (ii) Through technical improvement, we fully tap the potential of equipment, improve production efficiency and achieve energy saving; and

- (iii) We are actively building green mines and promoting intelligent upgrades.

(2) Our downstream business:

- (i) EMM business:

  - (a) We improved the metal recovery rate during our EMM production process, thereby reducing the unit consumption rate; and

  - (b) We carried out safety rectification works in respect of safety and environmental risks for our EMM plants, thereby preventing the happening of safety and environmental accidents;

- (ii) EMD business:

  - (a) We effectively reduced the rinsing times during our EMD production process, and used the recycled rinse water in a systematic manner, thereby reducing the energy consumption; and

  - (b) We increased the chemical leaching efficiency to ensure our quality of electrolysis.

3. Quality Operation System Establishment, Employment Training and Growth

(1) Quality Operation System Establishment

We continued to enhance our quality operation system, so as to increase our operational efficiency and effectiveness.

(i) Supply Chain Management

Our suppliers and contractors provide us a wide range of products and services, including fuel and equipment for our upstream mining operations; electricity and other raw materials for our downstream operations; packaging bags and other related accessories for the sales of our final products as well as underground technology innovation construction service and subcontracting processing services , etc. When selecting suppliers, we will encourage them to use as many environmentally friendly products and services as possible, and we have made relevant green procurement policies.

Details of the number of our suppliers are set out as follows:

	Six months ended 30 June		
Number of our suppliers	**2026**	2025	2024
Hong Kong	**1**	1	1
Mainland China	**828**	206	597
Gabon	**7**	5	5
Total	**836**	212	603

All our suppliers are required to be assessed for their capabilities to fulfill our business needs and such assessment is based on a combination of different and various factors such as their track record, reputation, production capacity as applicable.

In addition, we continued to keep close supervision in respect of procurement practice of normal operation. Save and except for those special suppliers, all other suppliers and contractors are selected based on public auction with strict comparison and assessment.

Furthermore, we also continued to carry out assessment and internal audit in respect of our suppliers on a regular basis, so as to assess whether such suppliers continue to meet our request.

3. Quality Operation System Establishment, Employment Training and Growth (continued)

(1) Quality Operation System Establishment (continued)

(ii) Product Quality Supervision

The whole production process, commencing from procurement, production up to after sales services, are strictly complied with ISO9001:2015 quality management requirement.

We continued our improvements and researches on our production technique and have applied and were granted various patents licenses thereof. All our products (including but not limited to our product advertisements and labels) strictly meet the national and our sector standards and our client's requirements. Among which, our major products, EMM, EMD and manganese sulfate are rewarded with recognition of "Quality products of Guangxi" since 2015 and have passed the inspection by the relevant PRC quality assessment bureau.

We continued to provide our clients with quality after sales service and comply with our stringent products quality and safety control system, e.g. "Customers Satisfaction and Complaints Assessment Procedure" and "Products Recall Procedures" etc.

As a result of our continuous stringent control in respect of the quality of our products, the complaints and/or recalls we received in respect of our products continued to remain at a low level. During the six months ended 30 June 2026, the complaints and/or recalls we received in respect of our products are as follows:

	Six months ended 30 June		
	2026	2025	2024
Number of products related complaints and/or recalls received	**0**	0	0

(iii) Probity Operating System Establishment

We continued to establish a clean and efficient business environment, including, inter alia, establishment of anti bribery regulation, inclusion of probity system as annual object responsibility audit, execution of probity agreement with our suppliers, and provision of notification letters of reporting channels etc. We enhanced the responsibility assessment of the department heads and established rational and effective management mechanism to prevent our employees from being engaged in illegal activities such as bribery, extortion, fraud and money laundering, etc.

During the six months ended 30 June 2026, the complaints or legal cases regarding corruption we received are as follows:

	Six months ended 30 June		
	2026	2025	2024
Number of Complaints and/or Legal Cases regarding Corrupt Practices	**0**	0	0

Environmental, Social and Governance Report

3. Quality Operation System Establishment, Employment Training and Growth (continued)

(1) Quality Operation System Establishment (continued)

(iv) Our Code of Conduct and Personal Privacy Protection

All our management and staff are subject to our code(s) of conduct which we implement and review from time to time and such code(s) places them under specific obligations as to the ethics and principles by which our business is conducted. Non-compliance with the code(s) of conduct results in disciplinary action. Disciplinary measures are decided by the relevant line management. These measures are then subject to review and endorsement by the board of directors, in order to ensure the consistency and fairness of treatment.

We monitor and periodically document any complaints related to breaches of customer privacy and loss of customer data. No customer privacy and data loss cases have been reported or noted during the six months ended 30 June 2026.

(2) Employment Training and Growth

We arranged trainings at all levels of our employees through multi-channels, multi-formats and multi-levels. In summary, various different training courses were held during the six months ended 30 June 2026, effectively improving the quality of staff, and promoting development of our employees.

During the six months ended 30 June 2026, our major training activities and projects are as follows:

(i) Conducting management and general competency training programs, such as the "Calcination Plan – Standardized Pre-Shift Meeting Process" and the "South Manganese Open Class";

(ii) Organizing safety and health training covering mine safety regulations, environmental protection code interpretation, flood control, explosion prevention, and fire drills;

(iii) Arranging for key personnel to attend certification and re-examination training programs, including those for blasting engineering, mine and hazardous chemical safety, and registered safety engineers;

(iv) Conducting management enhancement training covering procurement operations, electrolytic manganese metal production processes, lean manufacturing, project initiation, and bidding and tendering;

(v) Implementing team leader management capability training, and completing certification and re-examination for special operations such as electrician, welding, crane, and forklift operations; and

(vi) Conducting multiple batches of onboarding training to help new employees quickly integrate into the corporate culture and working environment.

4. Social Contribution, Living Environment and Culture Development

Our community investment activities complement the way in which our core business contributes to society, by improving the quality of life for communities through donation of our skills, expertise and resources. The three focus areas of our community investment initiatives are: social contribution, living environment and cultural development, details of which are as follows:

(1) In China, we treasured our social contribution in particular the surrounding community of our mines and the improvement of the living environment of our employees as well as the cultural development, including the followings:

(i) We continued to carry out various charitable activities and offer series of poverty alleviation works through employment, education, training, etc. and to the villages or associations surrounding our mines and production plants, including:

(a) purchasing condolence supplies to support villagers surrounding our mines in conducting folk cultural activities, and procuring special agricultural products through consumption-based poverty alleviation initiatives to help increase farmers' income; and

(b) actively participating in public welfare donation activities by donating educational and sports supplies to schools in remote mountainous areas, thereby fulfilling our corporate social responsibility to support the vulnerable and assist disabled students.

(ii) We continued to offer our help and assistance to our employees particularly those in need, including the followings:

(a) organizing lectures on occupational disease prevention and promoting health insurance as well as supplementary commercial medical insurance to improve medical security coverage; and

(b) implementing festive solicitude, daily relief, and employee care mechanisms, providing Spring Festival welfare items, as well as distributing solace funds, supplies, and mutual aid funds to employees facing hardship, suffering from illnesses, or remaining at their posts.

(iii) We continued to host or organise various cultural or sports activities to our employees or the surrounding villagers, including the followings:

(a) holding a series of Chinese New Year celebration activities, as well as conducting talent showcases and care initiatives for employees' children on Children's Day; and

(b) hosting football cup tournaments, inter-unit friendly matches, volleyball leagues, Women's Day thematic events, and family education lectures to cultivate a rich corporate culture and strengthen team cohesion.

Environmental, Social and Governance Report

4. Social Contribution, Living Environment and Culture Development (continued)

(2) In Gabon, we continued to focus on the local community development and actively participate in various social activities in Gabon and to support the local government in building schools and hospitals. We also advanced the renovation of local school buildings and dug domestic water wells to improve local living conditions.

We treasure serving our community and therefore, we spent money into the community where our businesses are situated. During the six months ended 30 June 2026, our cash donations to charities amounted to HK$586,000. Details are as follows:

	Six months ended 30 June		
	2026	2025	2024
Donation (HKD)	**586,000**	65,000	348,000

Given the geographical diversity of our business, we take a site-specific or tailored approach to our various social engagements or construction works. As with any investment that the Company makes, we need to be careful that our resources are allocated to community initiatives in a disciplined and systematic way and that this leads to positive, sustainable outcomes as opposed to having a disruptive effect on a community or the local environment. We are confident that selected community initiatives, carefully chosen, thoroughly implemented and carefully monitored, do enhance the Company's reputation and relationships and do enjoy the support of our shareholders and other stakeholders.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Below is the information on our mineral resources and ore reserves as of 30 June 2026:

Summary of our manganese mineral resources

Mining Block	Ownership Percentage	JORC Resource Category	Million Tonnes (As of 30.6.2026)	Average Manganese Grade (%) (As of 30.6.2026)	Million Tonnes (As of 31.12.2025)	Average Manganese Grade (%) (As of 31.12.2025)
Daxin Mine	**100%**	**Measured**	**3.24**	**26.08**	3.24	26.08
		Indicated	**54.01**	**22.04**	54.32	22.03
		Subtotal	**57.25**	**22.27**	57.56	22.26
		Inferred	**0.43**	**21.23**	0.43	21.23
		Total	**57.68**	**22.26**	57.99	22.25
Tiandeng Mine	**100%**	**Measured**	**0.53**	**18.43**	0.53	18.43
		Indicated	**2.22**	**17.64**	2.22	17.64
		Subtotal	**2.75**	**17.79**	2.75	17.79
		Inferred	**3.27**	**14.32**	3.27	14.32
		Total	**6.02**	**15.91**	6.02	15.90
Waifu Manganese Mine	**100%**	**Measured**	**–**	**–**	–	–
		Indicated	**–**	**–**	–	–
		Subtotal	**–**	**–**	–	–
		Inferred	**1.54**	**17.52**	1.54	17.52
		Total	**1.54**	**17.52**	1.54	17.52
Changgou Manganese Mine	**64%**	**Measured**	**4.57**	**20.45**	4.58	20.45
		Indicated	**12.68**	**20.32**	12.69	20.32
		Subtotal	**17.25**	**20.34**	17.27	20.34
		Inferred	**3.23**	**20.50**	3.23	20.50
		Total	**20.48**	**20.37**	20.50	20.37
Bembélé Manganese Mine	**57%**	**Measured**	**–**	**–**	–	–
		Indicated	**48.06**	**26.90**	49.15	26.95
		Subtotal	**48.06**	**26.90**	49.15	26.95
		Inferred	**22.18**	**30.32**	22.18	30.32
		Total	**70.24**	**27.98**	71.33	27.80
Total			**155.96**		157.38	

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Summary of our manganese ore reserves

Mine	Ownership Percentage	JORC Resource Category	Million Tonnes (As of 30.6.2026)	Average Manganese Grade (%) (As of 30.6.2026)	Million Tonnes (As of 31.12.2025)	Average Manganese Grade (%) (As of 31.12.2025)
Daxin Mine	**100%**	**Proved**	**3.02**	**20.61**	3.02	20.61
		Probable	**51.55**	**19.16**	51.86	19.17
		Total	**54.57**	**19.24**	54.88	19.25
Tiandeng Mine	**100%**	**Proved**	**0.49**	**15.86**	0.49	15.86
		Probable	**2.09**	**16.28**	2.09	16.28
		Total	**2.58**	**16.20**	2.58	16.20
Waifu Manganese Mine	**100%**	**Proved**	**–**	**–**	–	–
		Probable	**–**	**–**	–	–
		Total	**–**	**–**	–	–
Changgou Manganese Mine	**64%**	**Proved**	**4.57**	**20.45**	4.58	20.45
		Probable	**12.68**	**20.32**	12.69	20.32
		Total	**17.25**	**20.34**	17.27	20.34
Bembélé Manganese Mine	**57%**	**Proved**	**–**	**–**	–	–
		Probable	**9.81**	**29.21**	10.90	29.21
		Total	**9.81**	**29.21**	10.90	29.21
Total			**84.21**		85.63	

Note: The figures of the aforesaid manganese resources and manganese ore resources are rounded to two decimal and those figures may show apparent addition errors.

Assumptions:

The figures of the aforesaid manganese resources and manganese ores reserves are based on the following assumptions:

(1) (a) The manganese resources and manganese ore reserves for Daxin Mine and Tiandeng Mine were based on the estimates per the independent technical review report as shown in the Prospectus. The manganese resources and manganese ore reserves for Bembélé Manganese Mine is based on the estimate as per the independent technical review prepared by our external competent person in 2025. The decreases of the amounts of manganese resources and manganese ore reserves during the period were largely due to mining activity. The period end amounts have been confirmed by internal experts.

(b) The manganese resources and manganese ore reserves for Changgou Manganese Mine are based on the estimate in accordance with《錳礦礦產資源儲量核實報告》(Manganese Resources Verification Report) dated November 2009 prepared by 中國冶金地質總局中南局南寧地質調查所 (ChinaYe Jin Di Zhi Zong Ju Zhong Nan Ju Nanning Di Zhi Diao Cha Suo). The decreases of the amounts of manganese resources and manganese ore reserves during the period were largely due to mining activity. The period end amounts have been confirmed by our internal experts.

(c) The manganese resources and manganese ore reserves for Waifu Manganese Mine are based on the estimate in accordance with《靖西縣湖潤外伏錳礦礦產資源量核實地質報告評審意見書》(Accreditation Opinion of the Verified Geographical Resources Report of Waifu Manganese Mine, Jinxi) dated 17th July 2004 prepared by 南寧儲偉資源有限責任公司 (Nanning Qu Wei Resources Limited Company). The period end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates in the aforesaid independent technical reports continue to apply and have not materially changed.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities

I) Exploration

Overview

There were no significant progress in respect of our exploration works and we have not conducted any exploration drilling works in the PRC. Our main focus was to continue to carry out geological exploration work at Bembele Manganese Mine in Gabon and we have achieved certain exploration results.

Daxin Mine

During the six months ended 30 June 2026, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Daxin Mine.

Tiandeng Mine

During the six months ended 30 June 2026, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Tiandeng Mine.

Waifu Manganese Mine

During the six months ended 30 June 2026, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2026, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Changgou Manganese Mine.

Bembélé Manganese Mine

During the six months ended 30 June 2026, we continued the following geological exploration work at Bembélé Manganese Mine:

(1) drilling exploration work based on the detailed geological investigation of Bembélé Manganese Mine, and continued to make good exploration project planning and production exploration plans in the mining rights area;

(2) the established work plan for the southern block of Bembélé Manganese Mine as a working target area has been completed;

(3) increasing geological exploration work within the scope of the exploration rights to provide new resource mining areas for the sustainable development of the project.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Bembélé Manganese Mine during the six months ended 30 June 2026.

II) Development

Daxin Mine

During the six months ended 30 June 2026, we continued the following infrastructure works or projects at the Daxin Mine:

Our outsourced contractor continued the 1,000,000 tonnes/year expansion project for the underground mining at southern mining zone of Daxin Mine. As at 30 June 2026, the tunnel construction works amounted to approximately 19,839 metres in length.

Save as disclosed hereinabove, during the six months ended 30 June 2026, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Daxin Mine.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

II) Development (continued)

Tiandeng Mine

During the six months ended 30 June 2026, we have purchased some mining machines and related facilities in order to replace the obsolete or damaged machines or facilities.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Tiandeng Mine during the six months ended 30 June 2026.

Waifu Manganese Mine

During the six months ended 30 June 2026, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2026, we have purchased some mining machines and related facilities in order to replace the obsolete or damaged machines or facilities.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Changgou Manganese Mine during the six months ended 30 June 2026.

Bembélé Manganese Mine

During the six months ended 30 June 2026, we continued the following infrastructure works or projects at the Bembélé Manganese Mine:

(1) the core library construction project of Bembélé Manganese Mine has been completed to provide guarantee for geological exploration engineering and geological analysis;

(2) continue to carry out heightening and capacity upgrade projects for the tailings pond.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Bembélé Manganese Mine during the six months ended 30 June 2026.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities

(1) Mining Operations

Daxin Mine

	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Open pit mining		
Mine production (thousand tonnes)	**–**	–
Underground mining		
Mine production (thousand tonnes)	**471**	517
Total mine production (thousand tonnes)	**471**	517
Average manganese grade		
Manganese carbonate ore	**12.3%**	12.0%
Manganese oxide ore	**–**	–

Tiandeng Mine

	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Open pit mining		
Mine production (thousand tonnes)	**–**	–
Average manganese grade		
Manganese carbonate ore	**–**	–
Manganese oxide	**–**	–

Waifu Manganese Mine

	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Underground mining		
Mine production (thousand tonnes)	**–**	–
Average manganese carbonate grade	**–**	–

Changgou Manganese Mine

	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Underground mining		
Mine production (thousand tonnes)	**98**	153
Average manganese carbonate grade	**16.5%**	15.6%

Bembélé Manganese Mine

	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Open pit mining		
Mine production (thousand tonnes)	**1,091**	707
Average manganese oxide grade	**29.2%**	30.9%

Note: Figures for mining production are rounded to nearest whole number and figures for manganese grade are rounded to one decimal place and these figures may show apparent addition errors.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities (continued)

(2) Ore processing operations

- Concentrating

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Daxin Concentration Plant Concentrate production		
Manganese carbonate ore	**429**	406
Manganese oxide ore	**76**	15
Total	**505**	421
Average manganese grade of concentrate		
Manganese carbonate ore	**19.1%**	16.4%
Manganese oxide ore	**32.0%**	31.9%
Tiandeng Concentration Plant Concentrate production		
Manganese carbonate ore	**97**	112
Manganese oxide ore	**52**	37
Total	**149**	149
Average manganese grade of concentration		
Manganese carbonate ore	**15.7%**	11.7%
Manganese oxide ore	**25.8%**	19.5%
Bembélé Concentration Plant		
Concentrate production	**671**	444
Average manganese grade of concentrate	**33.8%**	35.1%

- Grinding

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Daxin Grinding Plant		
Powder produced	**526**	424
Tiandeng Grinding Plant		
Powder produced	**143**	112

Note: Figures for concentrating and grinding are rounded to nearest whole number and the figures for manganese grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

IV) Downstream processing operations

(1) EMM and alloying materials

- EMM

Our existing EMM production facilities include Daxin EMM Plant, Daxin Manganese EMM Plant, Tiandeng EMM Plant and Guangxi Start EMM Plant. Details of EMM production are set out below:

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Daxin EMM Plant	**55.4**	52.4
Daxin Manganese EMM Plant	**11.7**	2.5
Tiandeng EMM Plant	**19.4**	9.9
Guangxi Start EMM Plant	**10.2**	8.6
Total	**96.7**	73.4

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

IV) Downstream processing operations (continued)

(1) EMM and alloying materials (continued)

- Manganese briquette

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Daxin Branch	**5.1**	8.1

- Silicomanganese alloy

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Qinzhou Ferroalloy Plant	**–**	–
Xingyi Ferroalloy Plant	**–**	–
Total	**–**	–

(2) Battery materials

- EMD

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Daxin EMD Plant	**5.9**	8.9
Huiyuan Manganese	**35.1**	31.1
Total	**41.0**	40.0

- Lithium manganese oxide

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Chongzuo Branch	**1.9**	1.6

- Manganese sulfate

Production (thousand tonnes)	1.1.2026-30.6.2026	1.1.2025-30.6.2025
Daxin Manganese Sulfate Plant	**6.3**	4.6
Huiyuan Manganese	**27.7**	18.1
Total	**34.0**	22.7

Note: All our other downstream processing products are rounded to nearest one decimal place and these figures may show apparent addition errors.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

V) Exploration, development and mining cost of the Group

Expenses of exploration, development, and mining activities of the Group for the six months ended 30 June 2026 are set out below:

(HK$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Purchases of assets and equipment	–	–	–	–	–	–
Drilling and analysis	–	–	–	–	–	–
Transportation	–	–	–	–	–	–
Others	–	–	–	–	698	698
	–	–	–	–	698	698
Development activities (including mine construction)						
Purchases of assets and equipment	–	–	–	1,969	–	1,969
Construction of mines, tunnels and roads	–	–	–	–	–	–
Staff cost	–	–	–	–	–	–
Sub-contracting fee	–	–	–	–	–	–
Others	115	–	–	–	–	115
	115	–	–	1,969	–	2,084
Mining activities*						
Staff cost	2,429	–	–	7,013	7,576	17,018
Consumables	209	–	–	1,599	14,416	16,224
Fuel, electricity, water and other services	853	–	–	1,132	17,081	19,066
Transportation	3,591	–	–	–	–	3,591
Sub-contracting fee	70,792	–	–	20,227	–	91,019
Depreciation	16,274	–	–	–	5,151	21,425
Others	2,258	–	–	71	4,731	7,060
	96,406	–	–	30,042	48,955	175,403

(* Concentrating not included)

Corporate Governance Code

Throughout the six months ended 30 June 2026, the Company has applied the principles, complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct for dealings in securities of the Company by its Directors (the "**Securities Dealings Code**") that is based on the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules (or on terms no less stringent than the Model Code).

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the six months ended 30 June 2026.

Directors' and Chief Executive's Interests in Shares and Underlying Shares

As at 30 June 2026, so far as is known to any Directors, none of the Directors or chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

At 30 June 2026, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held (a)	Approximate percentage of the Company's issued share capital	Number of share options held
Sun Mingwen	(b)	Through a controlled corporation	994,260,000 (L)	20.14	–
Youfu Investment Co., Ltd	(b)	Directly beneficially interested	994,260,000 (L)	20.14	–
Zhou Chunlan	(c)	Through a controlled corporation	822,830,160 (L)	16.67	–
Honor Aim Limited	(c)	Directly beneficially interested	822,830,160 (L)	16.67	–
Guangxi Dameng Manganese Industrial Co., Ltd	(d)	Through a controlled corporation	766,350,000 (L)	15.52	–
Guinan Dameng International Resources Limited	(d)	Directly beneficially interested	766,350,000 (L)	15.52	–
Cao Qin	(e)	Through a controlled corporation	685,691,800 (L)	13.89	–
Juhe Investment Co., Ltd	(e)	Directly beneficially interested	685,691,800 (L)	13.89	–

Notes:

(a) The letter "L" denotes the long position in such Shares.

(b) Youfu Investment Co., Ltd. is wholly owned by Mr. Sun Mingwen.

(c) Honor Aim Limited is wholly owned by Ms. Zhou Chunlan.

(d) Guinan Dameng International Resources Limited is wholly owned by Huanan Dameng Investments Limited, which is in turn wholly owned by Guangxi Dameng.

(e) Juhe Investment Co., Ltd is wholly owned by Ms. Cao Qin.

Save as disclosed above, as at 30 June 2026, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Redemption or Sale of Listed Securities of The Company

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Review of Accounts

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2026 with the management of the Company.

Forward Looking Statements

This interim report contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied by such statements.

On behalf of the Board

Zhang He
Chairman

Hong Kong, 28 August 2026

Glossary of Terms

1H 2025	six months ended 30 June 2025
1H 2026	six months ended 30 June 2026
Audit Committee	audit committee of the Board
Bembélé Concentration Plant	the concentration plant associated with Bembélé Manganese Mine
Bembélé Manganese Mine	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (華州礦業(加蓬)工貿有限公司)
Board or Board of Directors	our board of Directors
Changgou Manganese Mine	貴州遵義匯興鐵合金有限責任公司長溝錳礦 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company Changgou Manganese Mine)
China or PRC	the People's Republic of China, but for the purpose of this interim report, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
Chongzuo Base	a production facility owned and operated by Chongzuo Branch that produces and sells trimanganese tetraoxide, lithium manganese oxide and lithium cobalt oxide
Chongzuo Branch	南方錳業集團有限責任公司崇左分公司(South Manganese Group Limited Chongzuo Branch)
Company or our Company	South Manganese Investment Limited, which is listed on the Stock Exchange (Stock Code: 1091.HK)
Daxin EMD Plant	an EMD production plant located in Daxin county, Guangxi, owned and operated by a wholly owned subsidiary of the Group
Daxin Manganese Mine	大新大錳錳業集團有限公司大新錳礦 (Daxin Dameng Manganese Co., Ltd Daxin Manganese Mine)
Daxin Manganese Sulfate Plant	a manganese sulfate production plant located in Daxin county, Guangxi, owned and operated by a wholly owned subsidiary of the Group
Director(s)	the director(s) of our Company
Dushan Jinmeng	獨山金孟錳業有限公司 (Dushan Jinmeng Manganese Industry Co., Ltd.), a 33.00%-owned associate of the Group
EMD	electrolytic manganese dioxide

Glossary of Terms

EMM	electrolytic manganese metal
EMM Products	EMM and manganese briquette
EUR or Euro	euros, the lawful currency of the members of the European Union
Gabon	the Gabonese Republic
GMG	Greenway Mining Group Limited (信盛礦業集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009, which we hold approximately 23.99% shareholding
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Dameng	廣西大錳錳業集團有限公司 (Guangxi Dameng Manganese Industry Group Co., Ltd.), a state-owned limited liability company established under the laws of the PRC on 30 July 2001, which is an indirect substantial shareholder of our Company
Guangxi Start	廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.)
HK$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	The Hong Kong Special Administrative Region of the PRC
Huiyuan Manganese	廣西滙元錳業有限公司 (Guangxi Huiyuan Manganese Industry Co., Ltd)
IPO	the initial public offering and listing of Shares of the Company on the Main Board of the Stock Exchange on 18 November 2010
JORC	the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by JORC of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
Nomination Committee	nomination committee of the Board
Prospectus	the prospectus of the Company dated 8 November 2010

Glossary of Terms

Qingdao Manganese	青島錳系投資合夥企業(有限合夥) (Qingdao Manganese Investment Cooperative Enterprise (Limited Partnership)), a limited partnership in which we indirectly held 68.49% equity interest as at 30 June 2025
Qinzhou Ferroalloy Plant	the ferroalloy production plant located near Qinzhou port and owned and operated by 欽州大錳新材料有限公司 (Qinzhou Dameng New Materials Co,. Ltd.), a company in which we indirectly hold 70% equity interest
Remuneration Committee	remuneration committee of the Board
RMB	Renminbi, the lawful currency of the PRC
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shares	ordinary shares in the share capital of the Company, with a nominal value of HK$0.10 each
South Manganese Group	南方錳業集團有限責任公司 (South Manganese Group Limited)
Stock Exchange	The Stock Exchange of Hong Kong Limited
substantial shareholder	has the meaning ascribed to it under the Listing Rules
Tiandeng Manganese Mine	南方錳業集團有限責任公司天等錳礦 (South Manganese Group Limited Tiandeng Manganese Mine)
tonne	metric tonne
US$ or USD	United States dollars, the lawful currency of the United States of America
Waifu Manganese Mine	大新大錳錳業集團有限公司外伏錳礦 (Daxin Dameng Manganese Co., Ltd Waifu Manganese Mine)
XAF	Central African CFA franc, the lawful currency of Gabon
Xingyi Ferroalloy Plant	a ferroalloy production plant located in Xingyi, Guizhou, leased and operated by a wholly owned subsidiary of the Group

Note: The English names of the PRC entities mentioned hereinabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

LUCID WATERS AND LUSH MOUNTAINS ARE INVALUABLE